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BUDGET ESTIMATES FOR THE BIENNIUM 2002-2003

Report of the Advisory Committee on Administrative and Budgetary Questions

I. INTRODUCTION

1. In accordance with Regulation 9.5 of the Financial Regulations of the United Nations Development Programme (UNDP), the Advisory Committee on Administrative and Budgetary Questions has considered the report of the Administrator on the biennial budget estimates of the United Nations Development Programme for the biennium 2002-2003, as contained in an advance copy of document DP/2001/21. During its consideration of the item, the Advisory Committee met with the Administrator and his representatives, who provided additional information.

Format and presentation

2. The Advisory Committee notes that the UNDP budget estimates and related proposals of the Administrator for 2002-2003 have been guided by the Administrator's Business Plans, 2000-2003 (DP/2000/8) and key policy decisions adopted by the Executive Board, such as those concerning the results-oriented annual report (2000/15), special development situations (2001/1) and the second global cooperation framework (2001/7). The Committee further notes that the UNDP support budget is presented as an integral part of the multi-year funding framework in accordance with Executive Board decision 98/23. The support budget constitutes the second half of the four-year funding framework (DP/2001/21, paragraph 4).

3. The Advisory Committee examined an unedited text of the UNDP budget estimates and raised concern about the format of the presentation of the document. In the view of the Committee, the purpose of a budget document is to present programmes and costs clearly. The Committee is of the

view that the version submitted to it was difficult to follow and understand quickly; it was repetitive and used an excessive number of acronyms and terms that inadvertently reduced the clarity of the document.[1] This, in the opinion of the Committee, may fail to convey the intended messages and result in unnecessary difficulties for members of the Executive Board and delegations of Member States to comprehend and follow the presentation easily. The representatives of the Administrator informed the Committee that the text would be edited and simplified. The Committee requests that in the future, documents submitted for review by the Committee be in final form.

General observations

4. The Advisory Committee notes from the results-oriented annual report for 2000 (DP/2001/14/Add.1) the analysis by goals of the UNDP programme, which remained quite broad. In this connection, the Administrator informed the Committee that, under the new vision for UNDP the programme would be targeted during 2002-2003 on six main areas: governance; poverty reduction; strategies to prevent the spread and mitigate the impact of HIV/AIDS; environment and energy for sustainable human development; information and communication technology; and development dimensions of conflict and post-conflict situations, with gender equality and the status of women cutting across all six areas. The Committee was further informed that UNDP had decided to discontinue policy support in the following fields: education, forestry, health (excluding HIV/AIDS), nutrition, sustainable livelihoods and transport. At the same time, remaining policy support will be more sharply defined on the basis of a continuing analysis of demand and the comparative advantage of UNDP. The Committee was also informed that this action does not result in any United Nations system partners no longer working with UNDP. It may however reduce the level of UNDP-funded business with certain United Nations system partners. In the view of the Committee, the move of UNDP from an organization carrying out fund- raising and the funding of development projects to one providing knowledge-based advisory services and other development services to programme countries would require a clear identification of its role vis-à-vis other partners within and outside the United Nations system.

5. The Advisory Committee was informed that a shift to a service- and results-oriented programme would affect the present classification of UNDP support and programme expenditure. In the longer term, the new vision for UNDP requires the combination of a range of services that draw upon capacities provided through both the support budget and programme resources. In this connection, the Committee recalls its view that each service rendered must be fully paid for by clients, including administrative and management costs, and that an accurate identification of costs to deliver a service becomes essential in order to be able to request a fair reimbursement.

6. The Advisory Committee was further informed that, taking into account the analysis carried out under the results-oriented annual report (DP/2001/14/Add.1), UNDP would rethink how total UNDP resources are to be distributed between programme and support budgets. The first steps in this direction have been taken in the budget strategy for 2002-2003. This will be followed up in more detail as part of the Executive Board reviews of the successor programming arrangements at its annual session 2002.

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[1] For example, narratives with excessive use of acronyms, in the unedited text, include those in paragraph 54 (" Multi-country re-profiling workshops will have been conducted by BOM") and paragraph 63 (" ERD will develop a toolbox for CPC situations" and "ERD will develop initiatives in terms of strategy-setting and programming in CPC environments").

Income and expenditure

7. The Advisory Committee notes from paragraphs 3 and 4 of the report that the original regular resources projections for 2002 and 2003 in document DP/1999/30 and DP/1999/31 amounted to $1.0 billion and $1.1 billion respectively and that the erosion in regular resources over the past years has severely impaired the ability of UNDP to produce the development outcomes envisioned in the country cooperation frameworks. The Committee was informed that from the perspective of regular resources, the UNDP resource base has been contracting over eight consecutive years; however, seen from the perspective of the totality of resources available for programmes, including other resources such as third-party co-financing and programme country cost-sharing, the resource base of UNDP is expanding. The Committee was provided upon request with a chart showing UNDP resources during the period from the biennium1992-1993 to the biennium 2002-2003 (see the annex to the present report).

8. The Advisory Committee notes from table 1 that target contributions to UNDP regular (core) resources decreased in 2002-2003 while projections of other resources from donors (comprising third - party co-financing) and programme-country cost-sharing show modest increases during the biennium 2002-2003, as follows:

UNDP available resources	2000-2001	2002-2003	Percent change
	(millions of dollars)		
Regular resources	1771.9	1764.0	(0.4)
Third-party co-financing[a]	1618.4	1650.3	2.0
Total donor resources	**3390.3**	**3414.3**	
Programme country cost-sharing[b]	2599.6	2701.3	3.9
Total projected available resources	**5989.9**	**6115.6**	**2.0**

[a] Third-party co-financing is allocated to UNDP programmes outside the country of the contributor
[b] Programme-country cost-sharing finances projects in the country of the contributor
(See also table 1 of document DP/2001/21).

9. For 2002-2003, the Advisory Committee notes from table 1 of document DP/2001/21 that programme support and management and administration costs increase in proportion to resources for programmes for third-party co-financing, for government cost-sharing and for all sources of funds, as follows:

	2000-2001		2002-2003	
	(millions of dollars)	%	*(millions of dollars)*	%
Use of other resources for programmes				
(a) Third-party co-financing for programmes	1231.1		1276.4	
(b) Programme support and management and administration	69.9		104.0	
(c) (b) as a percentage of (a)		5.7		8.1
(d) Government cost-sharing for programmes	1786.0		1807.7	
(e) programme support and management and administration	52.0		75.2	
(f) (e) as a percentage of (d)		2.9		4.2
(g) Use of regular resources for programmes	1163.1		1176.1	
(h) Programme support and management and administration	399.2		392.4	
(i) (h) as a percentage of (g)		34.3		33.4
(j) Total funds for programmes (all sources)	4180.3		4260.2	
(k) Programme support and management and administration	521.1		571.6	
(l) (k) as a percentage of (j)		12.5		13.4

(See also table 1 of document DP/2001/21).

10. Upon request, the Advisory Committee was provided with the following information on countries and projects accounting for the bulk of the amounts projected for 2002-2003 in table 1 of document DP/2001/21 on other resources. The Advisory Committee notes that once UNDP receives the funds for programming, they are fully under the organization's control.

Estimated 2002-2003 major programmes funded from other resource (*in millions of dollars*)

COUNTRY	Local resources: Government cost-sharing	Donor resources: Third-party cost sharing	Donor resources: Trust funds
Brazil	454.2	12.0	
Argentina	407.9		
Panama	142.7		
Colombia	130.3	35.0	
Peru	101.1		
Honduras	72.2		
Iraq			202.9
Indonesia			67.9
Programme of Assistance to the Palestinian People			66.7
Philippines		11.7	39.7
Mozambique		26.7	12.7
Other Latin American countries	328.4		

11. The Advisory Committee was informed that the Executive Board has specifically recognized the role of other resources as an additional financing mechanism to enhance capacity and to supplement the financial means of UNDP. The Committee notes, however, that other resources are tied and programme commitments are subject to funds being on hand. "Other resources" are not at the disposal of the Administrator for programming and allocation the way regular resources are. As indicated in paragraph 11 of the report, "while UNDP has become a multi-funded organization, regular resources provide the funding base for the UNDP country presence and the country-driven programme focus". Furthermore, "regular resources are the lifeblood of UNDP" and "can be supplemented but not replaced". It is crucial to place UNDP on stable footing in respect of both regular and other resources.

12. In the opinion of the Advisory Committee, the expansion in non-core resources needs to be managed in a way that does not obscure the role of UNDP as the development programme of the United Nations system, which is essentially different from those of the Breton Woods institutions and from the United Nations specialized agencies. The Committee recalls that regular resources fund core capacity at the country level and that unless there is consistent funding of core capacity at the country level commensurate with services to be provided by UNDP, the goal to strengthen UNDP leadership at the country level could be impaired.

13. In this connection, the Advisory Committee notes and agrees with the statement in paragraph 165 of document DP/2001/14/Add.1 that "the ability of UNDP to fulfil its mandate, promote development change in cooperation with partners, and mobilize other resources depends on an adequate and secure regular funding base that guarantees the organization's multilateral, impartial and universal character. In this sense, regular ("core") contributions remain the bedrock of UNDP and putting the regular resource base back on a path of sustainable growth to meet agreed targets still remains the overriding priority".

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14. As indicated in paragraph 12 of document DP/2001/21, a complementary approach to the budget strategy for 2002-2003 is to increase the income from other resources earned as overhead from cost-sharing and trust-fund programmes as well as cost recovery from services and to deploy these resources to the goals and priorities of the Administrator's Business Plans, 2000-2003. The Advisory Committee notes from paragraphs 114 and 115 of the report that the UNDP standard trust-fund and third-party cost-sharing agreements were revised in mid-2000 and now reflect a range of 3 to 5 per cent against the contribution to cover the additional costs incurred by UNDP, up from the norm of 3 per cent. This approach is expected to generate an amount of approximately $12 million in additional resources in the biennium 2002-2003. Upon enquiry, the Committee was informed that, depending on the project-delivery requirements, country offices are allowed to assess support charges of up to 8 per cent of the contribution received; however, higher rates of cost recovery would make UNDP "not competitive". **The Advisory Committee requests that, in the future, a full explanation be provided on the various rates.**

15. In this connection, the Advisory Committee recalls its view in paragraph 34 of document DP/1999/33 on the need to charge a fair share for the administration, management and other services provided by UNDP to activities funded by other resources. **The Committee cautions that cost-recovery rates, including in the context of national execution, should be realistic and reflect the cost to UNDP of managing and delivering the various services. It would be counterproductive for UNDP to charge rates that gave the impression that the cost of services and activities was less than it actually was. The shortfall would have to be covered from other sources, principally from an ever-decreasing level of regular resources.** Cost recovery from agencies that obtain services form UNDP country offices is discussed in paragraphs 44 and 45 below.

16. The Advisory Committee notes from paragraphs 155 and 156 of the Administrator's results-oriented annual report for 2000 (DP/2001/14/Add.1) that the impact of lower voluntary contributions to regular resources is clearly perceived. Programme expenditures from regular resources are estimated at $411 million for 2000 (including programme support through implementing agents), as compared with programme expenditure from regular resources of $541 million in 1999. Programme expenditure from other resources (in the category of third-party co-financing and trust funds) amounts to $579 million in 2000, as compared with programme expenditure from other resources of $534 million in 1999. Programme expenditure from other resources in the category of government cost-sharing for 2000 is reported at $872 million, as compared with $948 million in 1999.

17. Upon enquiring, the Advisory Committee was informed that the steps being taken to widen the donor base of regular resources include the following:

(a) Providing for development results at the country level, so as to demonstrate the value of the role of UNDP;

(b) Maximum re-engineering and organizations reforms, so as to ensure that maximum resources go to development purposes;

(c) The convening of a Ministerial Meeting in September 2000, so as to secure full engagement of Ministers in generating the political will needed to rebuild the resources of UNDP (see annex V of the present report for a summary of Ministerial Meeting);

(d) Discussions at the level of the Administrative Committee on Coordination in preparation for the interactions of the Secretary-General with world leaders, including major donors who are of the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD/DAC) members and;

(e) Visits by the Administrator and other senior UNDP officials to the capitals of existing donors as well as emerging ones.

II. BIENNIAL SUPPORT BUDGET FOR 2002-3003

18. As shown in table 3 of document DP/2001/21, the proposed support budget for the biennium 2002-2003 amounts to $566.9 million (gross), reflecting a decrease of $18.5 million, as compared with support budget estimates for 2000-2001 amounting to $585.4 million (gross). After taking into account projected income to the proposed support budget for 2002-2003 of $64.3 million, the net proposed support budget for 2002-2003 amounts to $502.6 million, reflecting a decrease of $15.7 million, as compared to net support budget estimates for 2000-2001of $518.3 million, based on a projected income to the support budget for 2000-2001 of $67.1 million. The decrease in the projected income for the proposed support budget for 2002-2003 of $2.8 million is explained in paragraph 29 of document DP/2001/21

19. Paragraphs 43 and 44 and table 2 of document DP/2001/21 show increases and decreases in the main component of the budget proposal for 2002-2003. Volume decreases in the main components of the gross budget proposal amount to $43.1 million and cost increases amount to $24.6 million, resulting in a reduction of $18.5 million in the proposed gross estimates for 2002-2003. Taking into account a decrease of $2.8 million in the projected income for the support budget for 2002-2003, the volume decreases in the main components of the net budget proposal amount to $40.3 million and cost increases amount to $24.6 million (net of currency adjustment of $16.7 million), resulting in a reduction of $15.7 million in the proposed net estimates for 2002-2003. The impact of inflation reflects the combined effect of a 2.1 per cent annual inflation rate at headquarters and a 4.9 per cent annual inflation rate for country offices.

20. As indicated in tables 4 and 5 of document DP/2001/21, the total number of proposed posts for 2000-2003 under the support budget is 3,322 (576 International Professional, 533 National Professional and 2,213 General Service and other categories of staff), reflecting a reduction of 706 posts (27 International Professional, 73 National Professional and 606 General Service and other categories of staff), as compared with the approved posts for 2000-2001 of 4028 (603 International Professional, 606 National Professional and 2,819 General Service and other categories of staff). For 2002-2003, of the total number of posts proposed, 81.7 per cent are for country offices and 18.3 per cent for headquarters, the United Nations Volunteers (UNV) and the Inter-Agency Procurement Service Office (IAPSO).

21. The Advisory Committee notes that the post reductions proposed for 2002-2003 are mainly in country offices (27 International Professional, 73 National Professional and 567 General Service and other categories of staff) while for headquarters the proposal includes an increase of 2 International Professional posts and the reduction of 36 General Service posts. The Committee was informed that during the last decade, the headquarters support budget has borne the larger share of the budget reduction. Consequently, most units at headquarters are already stretched in terms of regularly funded capacity, with many units barely having a critical mass. Between 1992-1993 and 2000-2001, regular funded posts at headquarters have been reduced by 31 per cent while those in country offices have been reduced by 9 per cent.

22. The Advisory Committee notes that, in accordance with paragraph 98 of the Administrator's Business Plans, 2000-2003 (DP/2000/8), an overall reduction of 25 per cent of headquarters staff is targeted by the end of 2001, through a combination of 11 per cent in actual cuts and 14 per cent of functions relocated to the field. The majority of this staff reduction is funded either from "other resources or programme resources " (DP/2001/21, paragraph 38). In connection with the 2002-2003 budget estimates, approximately 200 posts funded from regular resources would be reduced by the end of 2001 and some 500 additional posts are targeted for reduction (DP/2001/21, paragraph 19).

Upon request, the Committee was provided with a chart of post reductions in the support budget for the periods from the biennium 1990-1991 through the biennium 2002-2003 (see annex II to the present report).

23. Summary table III of document DP/2001/21 shows the distribution of posts by source of funds and organizational unit for 2002-2003. The Advisory Committee notes that there is an overall reduction of 443 posts funded from all sources of funds (from 5,377 posts in 2000-2001 to 4934 posts for 2002-2003); however, while there is a proposed reduction of 706 posts under the support budget for 2002-2003 (see paragraph 20 above), there is an increase of 263 posts funded from other resources (from 1349 posts in 2000-2001 to 1,612 posts for 2002-2003). Upon request, the Committee was informed that the vacancy rate for headquarters was nil and for country offices approximately 3 per cent.

24. The Advisory Committee was informed that it was proposed that the allocation for voluntary separation available under the support budget for 2000-2001 be maintained. For the biennium 2000-2001, the Administrator had proposed to maintain an allocation for separations, adjusted for inflation, in the amount of $7.7 million. In addition, he had proposed the establishment of a separation reserve amounting to $7.0 million for staff reductions and changes relating to the 2000-2001 budget proposals (see DP/1999/31, paragraph 99 and DP/1999/35, paragraphs 13 and 14). As indicated in paragraph 22 above, some 200 headquarters and country offices posts of the 706 posts targeted for reduction in 2002-2003 would be terminated at headquarters and country offices by the end of 2001. As such the allocation for voluntary separation under the support budget for 2002-2003, adjusted for inflation, would amount to some $10.7 million (see DP/2001/21, paragraph 102).

25. Upon request, the Advisory Committee was informed that separations under the $14.7 million allocated in 2000-2001 addressed the organization's requirement as follows:

	Posts reduced			
Purpose	International Professional	Headquarters General Service	Country offices: National Officers and General Service	Total
Implement the Business Plans objectives of: lean and agile headquarters; re-profiling country offices to deliver on quality signature services	38	46	139	223

The number of cases on appeal amounts to 3 (all are involuntary separations).

26. The Advisory Committee notes from paragraph 38 and table 2 of document DP/2001/21 that $15.7 million of the proposed reductions to the biennial support budget for 2002-2003 would be reallocated to special initiatives in such areas as learning and training ($2.6 million), entry-level positions under the Leadership Development Programme ($3.1 million), re-engineering business process and information technology ($9.0 million) and the special needs of country offices relating to HIV/AIDS ($1.0 million). **The Committee requests that in the next budget presentation a clear distinction be made between allocation of savings arising from staff management actions and those resulting from introduction of efficiency measures and productivity gains.**

27. The Advisory Committee notes from paragraphs 56 (a) and 102 of the budget document that the newly designed UNDP Leadership Development Programme (LEAD) will have 19 entry-level positions for young international professionals in the budget in 2002-2003, reflecting an increase of 10 posts

from those established in 2000-2001. Upon request, the Advisory Committee was informed that the LEAD programme is an entry point in developing a career in UNDP. It provides qualified young (age requirement is 35 years or less) people the opportunity to build up the experience, skills and aptitude needed to function effectively as a professional and leader in development. The programme starts with formal training at UNDP headquarters in New York. Next, participants undertake short-term assignments of two to three months in New York or country offices in Africa, Asia, Arab States, Eastern Europe and the Commonwealth of Independent States or Latin America and the Caribbean. These assignments consist of specific tasks or projects, such as project formulation, evaluation and policy papers, typically done in a team with other staff members or consultants. In the 2000-2001 budget, 9 posts were available for this programme. The location of the 9 posts currently is as follows: 3 in Africa, 1 in Arab States, 2 in Asia and the Pacific, 1 in Europe and the Commonwealth of Independent States, 1 in Latin America and the Caribbean and 1 at headquarters. **The Committee welcomes the strengthening of the LEAD programme for young international professionals established with the purpose to rejuvenate the staffing profile of the Programme.**

28. The Advisory Committee notes from paragraphs 28 and 42 and table 2 of the budget document that the volume decrease of $43.1 million in the proposed support budget for 2002-2003 is net of the amount of $8.0 million to cover the requirements of 27 Economist posts that would be reported under programme expenditures. The Committee sought clarification as to whether this change in the reporting of expenditures of the Economist posts from the support budget to the programme budget would also affect the type of contract for staff services and whether there would now be a need for UNDP to have greater flexibility in staff deployment to accommodate fluctuations in the demand by clients for UNDP services. The Committee was informed that it would not affect the contractual status of personnel currently against these posts. However, the status of new personnel recruited in the medium to longer term will be that of project personnel. It should also be noted that this function although country based, is responsible for a cluster of neighbouring countries, providing for maximum flexibility in responding to the changing needs of the countries being covered. **The Committee is of the view that the expenditure for the 27 Economist posts should be disclosed as part of the programme support expenditure of the budget.**

29. The Advisory Committee notes from paragraph 70 of the budget document that the support budget for the Office to Combat Desertification and Drought (UNSO) is now incorporated as part of other resources of the Bureau for Development Policy. The Office has been transferred to Nairobi, Kenya, with outposted operations to service the Arab States and Western Asia. Further, the Committee notes from summary table III of the report that the Bureau of Development Policy would increase its senior management staff at the D-2 level from 5 to 6 positions, including two D-2 posts funded from other resources in 2002-2003.

30. The Advisory Committee notes from table 1 of document DP/2001/21 that the net biennial budget estimates for headquarters under programme support would increase from $56.4 million in 2000-2001to $59.9 million for 2002-2003, or 6.2 per cent, and for the country offices the net estimates would decrease from $231.9 million to $223.3 million, or 3.7 per cent. Table 3 shows that the gross biennial budget estimates for headquarters under programme support would increase from $59.7 million to $62.4 million, or approximately 4.5 per cent while the gross estimates for the country offices would decrease from $287.3 million to $273.8 million, or 4.7 per cent.

31. The Advisory Committee sought clarification on the reasons for an increase in the programme support component of the budget for headquarters for 2002-2003, when at the same time many functions have been delegated to the field and more delegation is expected (see, for example, DP/2001/21, paragraph 55). The Committee was informed that for the biennium 2002-2003, there is a proposed increase in the headquarters programme support component of the budget relative to a proposed decrease for country offices because, as noted in paragraph 21 above, the headquarters component of the budget had borne the brunt of the budget reductions over the last few bienniums.

Refocused country presence

32. The subject of the refocused country presence of UNDP is discussed in paragraphs 20-23, 48-59 and 88-93 of document DP/2001/21. The Advisory Committee notes from paragraph 50 that country offices continue to perform functions relating to the responsibilities of the United Nations resident coordinator system, as well as those relating to management and operational support to nationally executed projects and those directly executed as legislated by the Executive Board. The Committee sought clarification on the country office re-profiling exercise. The Committee was informed that the exercise started in January 2001 and the main process is expected to be completed by the end of 2001. The Committee was provided with a detailed framework for the implementation of the exercise within the targets of the Administrator's Business Plans, 2000-2003.

33. The Advisory Committee notes that the approach of bringing the capacities of country offices in line with a basic presence has been applied equally to all regions. Table 6 shows the estimates for country offices under programme support for each region, including regular and other resources, and table 7 shows the allocation of posts to country offices for each region for an average size of the basic fixed-cost structure.

34. The Advisory Committee notes from paragraph 55 of document DP/2001/21 that UNDP will introduce field service centres which are in the preparation phase, with the purpose of facilitating the decentralization of certain functions from headquarters to lower-cost locations, as well as the transfer of certain functions from country offices to the sub regional level to reach economies of scale. Moreover, during the biennium 2002-2003, UNDP and the United Nations Children's Fund are assessing the feasibility of introducing on a pilot basis a model for joint offices in two or three country offices under one head who would serve simultaneously as resident coordinator and representative of participating organizations. **The Committee welcomes these initiatives and trusts that they will facilitate specialization, better quality services and productivity gains.**

35. The Advisory Committee notes from paragraphs 57 to 59 of the budget document that UNDP has continued its efforts to remind host Governments of their obligation to contribute toward local offices costs. Payments received toward local office costs are still below the projected level of $27 million per year for 2000-2001. In the current biennium, UNDP has targeted in particular the contribution of middle-income countries with deficits in their obligations toward local office costs. Collections from low-income countries, including crisis countries, are not expected at the targeted levels. Accordingly, for 2002-2003 the estimated income projection for local office costs has been set at a lower level of $48 million, which is $6 million less than the projection of $54 million for 2000-2001.

36. Centrally budgeted resources of the country offices are discussed in paragraph 56 of the budget document. The category relates to resources of a global or regional nature, administered at headquarters, where country offices are the intended beneficiaries. For 2002-2003, this category of staff includes 178 posts funded from regular resources (26 International Professional, 55 National Professional and 97 General Service and other categories of staff). The Advisory Committee notes that this category of staff includes 15 International Professional posts of the Emergency Response Division (paragraph 56 (b)) and 122 posts (3 International Professional, 34 National Professional and 85 General Service and other categories of staff) to be deployed as needed in areas in special circumstances (e.g., Kosovo and East Timor) (paragraph 56(k)). Upon request, the Committee was informed that the 122 posts for special situations are allocated through the regional bureaux in order to respond flexibly to special needs at the country level as they arise, including to strengthen temporarily the core capacity of country offices for specific needs. The Advisory Committee was provided, upon request, with information on the intended location of these posts in 2002-2003, as follows:

CENTRALLY BUDGETED RESOURCES FOR COUNTRY OFFICES					
Function	International Professional	National Professional	General Service and other categories	Total	Location
LEAD	2			2	Not yet determined
Programme of Assistance for the Palestinian People	2	3	10	15	Jerusalem
Emergency response	15			15	Sierra Leone, Afghanistan, Somalia (2), Eritrea, Lebanon (2), Yugoslavia (3), El Salvador, Congo, Ethiopia, Geneva (2)
Regional information managers		18		18	South Africa, Ethiopia, Senegal, El Salvador, Panama, Slovakia, Morocco, Jordan, Malaysia, Other countries yet to be determined
UNSECOORD	2			2	Emergency Response Division (1 outposted to United Nations)
Technical Co-operation among Developing Countries	2		2	4	Malaysia (1 IP, 1 GS), South Africa (1 IP, 1 GS)
Strategic capacity	5	34	85	122	In 2000/2001: Kosovo, East Timor, Yugoslavia. Location for 2002/2003 yet to be determined. As mentioned in paragraph 58(k) of DP/2001/23, it is planned to assign a significant share of these resources to Africa in 2002.
Total	28	55	97	179	

Staff security

37. As indicated in paragraph 56 (c) of the report, all security-related costs are included under the centrally budgeted resources of country offices. The main issues on this subject are discussed in paragraphs 119 to 124 of the budget document. The Advisory Committee notes from paragraphs 122 and 123 that UNDP, as a field-oriented programme, intends to cover staff security needs over and above the global minimum critical staff safety and security structure of the United Nations. The total UNDP allocation for staff security for 2002-2003 amounts to $13.1 million.

38. The Advisory Committee notes the statement in paragraph 124 of the report that the, "staff security function should be accepted as a core responsibility of the United Nations towards its staff globally". **The Committee draws attention to Executive Board that this subject will be taken up by the Committee in the context of a report by the Secretary-General to the fifty-sixth session of the General Assembly. That report will be prepared after consultation with funds and programmes and representatives of the specialized agencies. In the meantime, the Committee stresses the importance of adhering to the provisions of General Assembly resolution 55/238 of 23 December 2000 on cost-sharing arrangements for inter-organizational security measures. (See also documents A/56/6, paragraphs 30.2-30.8).**

Emergency response

39. As indicated in paragraphs 63 and 64 of the budget document, the Emergency Response Division (ERD) has been structured to be the agency of the United Nations system to lead the development dimension of peace-building and crisis prevention. It will also take the lead in implementing the UNDP crisis and post-conflict strategy noted by the Executive Board in its decision 2001/1. The Advisory Committee notes that the Division "maintains the minimal funding of three International Professional posts and three support staff posts from the regular budget, with the rest of the funding of ERD capacity coming from other resources." In addition, as indicated in paragraph 36 above, 15 International Professionals are centrally budgeted to be deployed to country offices for activities of the Division. These 15 posts are reserved for purposes of quickly responding to crisis situations. The incumbents of the posts are highly mobile, specialized staff in crisis management and

conflict resolution that may be transferred by the Division whenever the need arises. **The Committee requests that in the next budget presentation all posts of the Division be clearly disclosed and urges the Administrator to manage these resources in an integrated manner.**

40. The Advisory Committee sought clarification on the total number of positions for the activities of the Emergency Response Division, including those financed by the regular budget of the United Nations (see document A/54/6/Rev.1, paragraphs 25-42), and requested information on cooperation with the Office for the Coordination of Humanitarian Affairs (OCHA) and other funds and programmes, e.g., the World Food Programme (WFP), the Office of the United Nations High Commissioner for Refugees (UNHCR) and the Bretton Woods institutions. The Committee was informed that UNDP is working closely with OCHA through the Consolidated Appeal Process, the resident coordinator humanitarian coordinator system, the Executive Committee for Humanitarian Affairs (ECHA), the Inter-Agency Standing Committee (IASC) and through other mechanisms to ensure coordination of the United Nations system in crisis and post-conflict situations. In the area of natural disasters, UNDP is cooperating with OCHA and International Secretariat for Disaster Reduction (ISDR) in addressing prevention, preparedness and mitigation. In order to address the gap between relief and development, UNDP is working consistently with United Nations specialized agencies, funds and programmes and the Bretton Woods institutions through the Resident Coordinator system and other initiatives such as the Brookings Round Table, which is also in line with the updated UNDP crisis and post-conflict strategy presented to the Executive Board at its first regular session in January 2001 (DP/2001/4). ERD proposed staffing for 2002-2003 is as follows:

Regular/Other resources posts		**Headquarters, (New York/Geneva)**
100 series	Professional	6
	General Service	5
200/300 series	Professional	46
(Other resources)	General Service	17
Total		**74**

Natural disasters – United Nations regular budget
(included in the above table)

		Headquarters (Geneva)
series 200	Professional	5
series 200	General Service	2
Total		**7**

Temporary Emergency Posts (not included in the above table)

		Field
200/300 series	Professional	**15**

Information and communications technology

41. The area of information and communications technology is discussed in paragraphs 104 to 109 of the budget document. This category is centrally budgeted and managed at headquarters, as it cuts across all units of the organization. As shown in table 10 of the report, the total estimates for information and communications technology for 2002-2003 amount to $47.0 million, as compared with $27.1 million for 2000-2001. The estimates for 2002-2003 include provisions for recurrent maintenance of $10.3 million, business process re-engineering and systems development for country offices and headquarters of $25.3 million. The remaining $11.4 million for information and

communication technology is proposed under the transitional reserve. The Committee notes that the Administrator's view is to target at the very least a similar level of resources as those allocated by UNICEF in 2000-2001 for information technology. The Committee requested information on performance and results of investments in information technology in 2000-2001 and information technology plans and projects for the future and time frame. The Committee was provided with the UNDP 2002-2003 information technology and communications plan amounting to $47 million (see annex III to the present report). The status (including performance and results) of the 2000-2001 UNDP information technology and communications plan is presented in annex IV to this report. **The Committee welcomes the increased emphasis on upgrading and using information technology as a tool at the service of development.**

42. The Advisory Committee was further informed that UNDP would revert to the Executive Board through ACABQ for further resources (over the $47 million proposed in the 2002-2003 budget) that may be required in the context of the UNDP comprehensive information systems and communication strategy that is under development. In this context, UNDP will consult with the United Nations Secretariat as well as other funds and programmes.

43. Other centrally budgeted and managed resources at headquarters include provisions for premises and all associated costs (DP/2001/21, paragraph 82). In this connection, the Advisory Committee was informed that in view of the ongoing UNDP exercise to ensure a lean headquarters, space will become available in the next few months. Two factors that play a role are: (a) there was some overcrowding on some floors and (b) the space that becomes available is not necessarily contiguous space in the same building. UNDP is working to consolidate the space in the most optimal and efficient manner. This necessitates relocation and possibly some reconfiguration. This is being worked out and is in the process of being implemented. The resulting release of space will be determined at the conclusion of this process and the United Nations Department of Management will be kept informed.

Support to operational activities of the United Nations

44. As shown in table 1 of document DP/2001/21, provision under the biennial support budget for support to operational activities of the United Nations system, which is field-based support, amounts to $136.6 million for 2002-2003, reflecting a decrease of 6.2 per cent, as compared with $145.6 million budgeted for 2000-2001. This component of the biennial support budget includes provisions for the United Nations Development Group Office, elements of support provided by country offices to operational activities of the United Nations, contributions from the UNDP support budget to the UNV budget and a support budget funding to (IAPSO), (DP/2001/21, paragraphs 85-100).

45. The Advisory Committee notes from table 1 of the report that the decrease in the provision for support to the operational activities of the United Nations system from the support budget is more than offset by a considerable increase in the estimates funded from other resources. Third-party co-financing for 2002-2003 is estimated at $153 million, or a 108.2 per cent increase, as compared with $73.5 million estimated for 2000-2001. The Committee recalls its comments and observations in paragraphs 18 and 19 of document DP/1999/33 on the cost-recovery arrangements in respect of the support provided by country offices to operational activities of the United Nations system. The Committee notes from paragraphs 91 to 93 of document DP/2001/21 that cost-recovery guidelines were introduced by UNDP in 2000 and are being applied progressively by the concerned agencies and UNDP country offices. In March 2001, all agencies that obtain services from UNDP country offices were requested to comment on the experience with the guidelines in an effort to refine the approach. The estimated total reimbursement is expected to reach an annual level of $5 million by the end of 2001.

46. In accordance with the new methodology, UNDP attributes 23 per cent of country-level costs to support the operational activities of the United Nations, reflecting a decrease of 4 percentage points from the country-office support level attributed to this component in the support budget for the biennium 2000-2001 (DP/2001/21, paragraph 93). The Advisory Committee was informed that the reduction from 27 to 23 per cent of country-level costs to support the United Nations operational activities reflects the revised methodology to calculate the costs of services provided to agencies, in line with the recommendations of ACABQ. The income derived from the agencies for services rendered are categorized as other resources. UNDP other resources relating to its programme activities are solely those of UNDP and are not related to United Nations support.

47. As indicated in paragraph 97 and tables 1 and 9 of the budget document, under the component of the UNDP biennial support budget for support to operational activities of the United Nations system, the UNV support budget for 2002-2003 is estimated at $24.5 million, reflecting a decrease of 9.9 per cent, as compared with the estimate for 2000-2001 of $27.2 million. Table 9 shows that in addition to the resources from the UNDP biennial support budget, other resources available to UNV for 2002-2003 would amount to $5.7 million compared with estimates of other resources for 2000-2001 of $5.5 million. The Advisory Committee notes that for 2002-2003, the support to the UNV programme from the UNDP biennial support budget has decreased again, continuing a declining trend that started with the biennium 1996-1997. Moreover, during the same period, other resources available to the UNV programme appear not to have grown sufficiently large to compensate for the decline in the allocation from UNDP resources. UNV volunteer assignments that are not financed from UNDP resources include those covered by resources of UNHCR, UNICEF and the United Nations, particularly through budgets of the United Nations peace-keeping operations. The Committee has commented on the UNV programme in its report of 16 April 2001 (A/55/874).

United Nations House

48. The Advisory Committee recalls that the United Nations House programme was launched as a new initiative in the context of the reforms announced by the Secretary-General in March 1997, with the aim of establishing common premises and common service arrangements at the country-office level (see document DP1999/33, paragraphs 22 and 23). The Committee notes from paragraph 113 of the report that a capital reserve for the United Nations House programme was approved by the Executive Board at the level of $3.8 million (decision 99/23). Furthermore, for 2002-2003, UNDP will not require any additional funding for the implementation of the United Nations Houses, since it is expected that the available balance in the reserve will be sufficient. For the planning and assessment of new United Nations Houses for 2002-2003, as in 2000-2001, the amount of $0.5 million has been budgeted in the biennial support budget.

49. On a related subject, the Advisory Committee enquired on the status of the long-established project for United Nations staff houses managed by UNDP on behalf of the system. The Committee was informed that UNDP has decided to divest itself from the programme, largely owing to improvements in the housing sector in many areas where UNDP operates. The Committee requested clarification on how many assets have been sold or given to the host government and what remains to be disposed of. The Committee was informed that UNDP currently manages 256 housing units in 22 countries, a reduction from 356 units in 25 countries reported in 1997. Of the 256 units UNDP manages, 54 units are owned by UNDP while 202 units are leased from the Governments in the respective countries. Of the 100 units retrenched, the residence in Gambia, 20 units in Angola and 28 units in the United Republic of Tanzania were returned to the Governments of the respective countries in the current biennium. In the last biennium, a total of 12 units in Cape Verde and Yemen were sold and 39 units were returned to the Governments of the respective countries.

Administration of justice

50. The Advisory Committee notes for paragraph 103 of the budget document that UNDP is currently revising and strengthening its internal justice and conflict-resolution system. The Committee requested information on the main findings and on arrangements for collaboration with the United Nations. The Committee was informed that the review, while focusing primarily on the administration of the disciplinary system in UNDP (also applied in the United Nations Population Fund (UNFPA) and the United Nations Office for Project Services (UNOPS), also addressed a possible strengthening of the ombudsman/mediation function. Following the review, main measures to be taken with regard to the internal disciplinary system include the following:

(a) Determining, in close consultation with the Staff Council, as well as with UNFPA and UNOPS, the institutional location of the Disciplinary Committee (as internal to UNDP/UNFPA/UNOPS), as well as the relationship to the Joint Appeals Board (the consultants have recommended that UNDP decide either to "hold" its Disciplinary Committee back into the United Nations Joint Disciplinary Committee, or create its own Appeals Board;

(b) Updating and, as needed, clarifying procedures and general guidelines for the disciplinary process, including for investigations and financial recovery, as well as rules of procedure for the Disciplinary Committee;

(c) Delineating responsibilities for the various functions of the disciplinary system, in particular among the Administrator, the Office of Human Resources (OHR) and the Office of Legal and Procurement Support (OLPS);

(d) Establishing a permanent, though not necessarily full-time secretariat for the Disciplinary Committee, independent of OLPS or OHR, and reporting directly to the Office of the Administrator. A qualified lawyer will head the Disciplinary Committee Secretariat, capable of guiding the Disciplinary Committee on procedural matters and provide substantive legal advice to the Committee; and,

(e) Examining the need to restructure the Disciplinary Committee to correspond to the system applied by the United Nations for selection of members for individual panels to hear specific cases.

In addition to the disciplinary system per se, a process has been initiated to explore the possibility of establishing a permanent ombudsman/mediation function. All of the above-mentioned measures include an analysis of possible resource implications.

51. On collaboration with the United Nations, the Advisory Committee was informed that, in reviewing, and making changes to, the functioning of the internal justice system of UNDP, due consideration continues to be given to the functioning of the United Nations internal justice system as such. Staff of UNDP are subject to the United Nations Staff Regulations and Rules, and it is therefore of importance to ensure consistency with the administration of justice in other parts of the United Nations. Not least for this reason, it will be of importance to establish the appropriate relationship with the statutory bodies of the United Nations. The current structure, whereby UNDP (with UNFPA and UNOPS) maintains its own Disciplinary Committee but makes use of the United Nations Joint Appeals Board, and, as the case may be, the United Nations Administrative Tribunal, allows for expediency in hearing cases and for giving due consideration to the specific nature of operations of UNDP (as well as of UNFPA and UNOPS) in the first instance while ensuring in the appeals process that there is consistency with the rest of the United Nations system.

52. The Advisory Committee was further informed that UNDP is consulting with UNFPA and UNOPS, as well as with other parts of the United Nations system on the implementation measures as mentioned above to improve the functioning of the disciplinary system. In addition, UNDP engages in regular consultation with the United Nations Secretariat, including the Coordinator of the Panel of Counsel, as well as with the other funds and programmes with regard to issues of common interest relating to the administration of justice, to ensure consistency among the various parts of the Organization. In cases before the United Nations Administrative Tribunal, UNDP is normally represented by the services of the United Nations Office of Legal Affairs. While the Office of Legal Affairs prepares the response to appeals to the Tribunal, these are normally finalized in consultation with UNDP.

III. BIENNIAL SUPPORT BUDGET FOR 2002-2003 OF FUNDS ADMINISTERED BY UNDP

53. The report of the Administrator includes in paragraphs 127 to141 the biennial support budget of two funds administered by UNDP that the Executive Board approves separately, namely the United Nations Capital Development Fund (UNCDF) and the United Nations Development Fund for Women (UNIFEM). The Advisory Committee notes that the budget estimates of these two funds are presented in line with the harmonization of budgets and follow the same terminology as the UNDP support budget.

United Nations Capital Development Fund

54. As indicated in paragraphs 129 and 130, in formulating its support budget for 2000-2003, UNCDF has generally maintained the level of operational costs at the 2000-2001 level. There is an increase of two posts over the previous biennium, resulting from the transfer back to UNCDF of three posts in the finance function that had been seconded to UNDP. There would be, however, no increase in costs as the result of a corresponding reduction in the reimbursement line of the budget. Furthermore, one technical advisor post would be reported in the Technical Support Services Funding Facility of UNCDF. The proposed distribution of posts is shown in summary table V (b).

55. The UNCDF resource plan for the period 2002-2003 is provided in table 11 of the budget document. The Advisory Committee notes that the income projection for 2002-2003 for both regular and other resources amounts to $71 million, reflecting a decrease of 19 per cent, as compared with the projected income level of $88.2 million for 2000-2001. UNCDF proposes to allocated to its support budget for 2002-2003 $13.6 million, or 20.62 per cent of its regular resources income projection for 2002-2003 of $66 million. For 2000-2001, the UNCDF support budget also amounted to $13.6 million, or 16.0 per cent of the regular resources income projection for 2000-2001 of $85.2 million. The Committee notes that, including opening balances, total available resources for 2002-2003 would amount to $141.5 million, reflecting a decrease of 20.4 per cent, as compared to total available resources, including opening balances, projected for 2000-2001 at $177.8 million. **The Advisory Committee is of the view that, under the circumstances, further efforts should be made to contain the management and administrative cost component of the support budget, which increases from $5.9 million in 2000-2001 to $8.4 million for 2002-2003.** A detailed breakdown of the estimates for 2002-2003 as compared with the 2000-2001 appropriations is shown in summary table V (a).

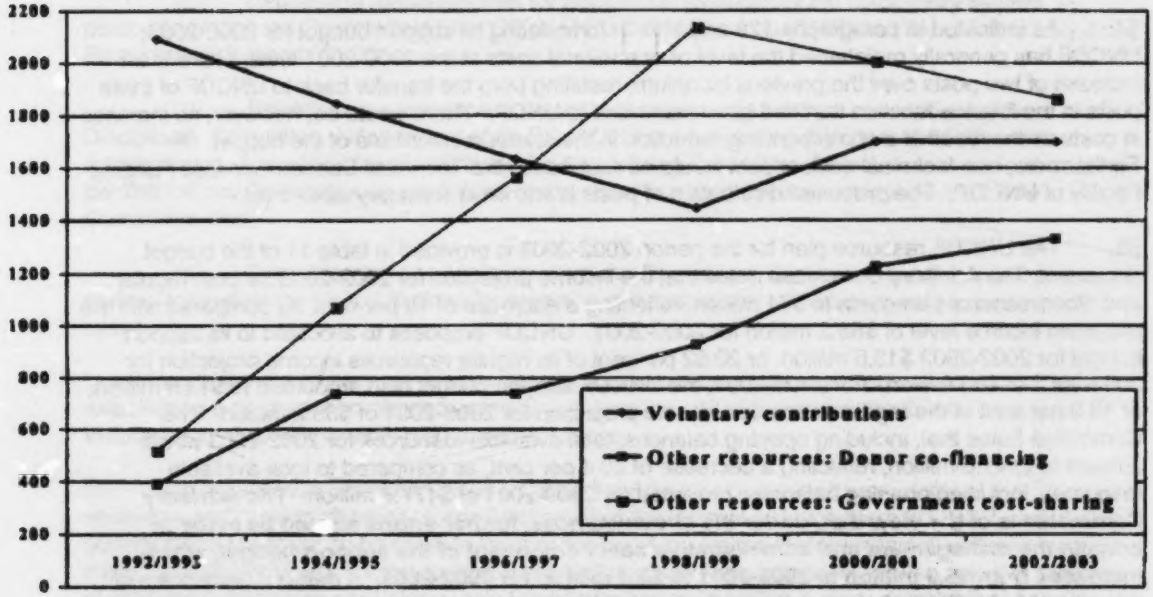
United Nations Development Fund for Women

56. The UNIFEM resource plan is shown in table 12 of the budget document. The Advisory Committee notes that the income projection for 2002-2003 for both regular and other resources amounts to $77.2 million, reflecting an increase of 18.2 per cent, as compared with the projected income level for both regular and other resources of $65.3 million for 2000-2001. UNIFEM proposes to allocate to its biennial support budget for 2002-2003 $12.3 million, or 25.2 per cent of its income

projection for regular resources for 2002-2003 of $48.8 million. For 2000-2001, the UNIFEM biennial support budget amounted to $11.6 million, or 25.1 per cent of the income projection for regular resources for 2000-2001 of $46.2 million. The Committee notes that including opening balances, total available resources for 2002-2003 would amount to $94.1 million, reflecting an increase of 3.2 per cent, as compared to total available resources, including opening balances, projected for 2000-2001 at $91.1 million. **The Committee is of the view that further efforts should be made to contain the headquarters programme support budget of UNIFEM, which increases from $6.1 million in 2000-2001 to $6.8 million for 2002-2003, after the transfer of a P-4 post from the support budget to other resources. Furthermore, under the circumstances, the Committee sees little justification to establish an additional Deputy Director post at the D-1 level, as proposed in paragraph 138.** A detailed breakdown of the estimates for 2002-2003 as compared with the 2000-2001 appropriations is shown in summary table VI (a) and the proposed posts for 2002-2003 as compared to posts for 2000-2001 are shown in summary table VI (b).

ANNEX I

UNDP RESOURCES 1992-1993 TO 2002-2003

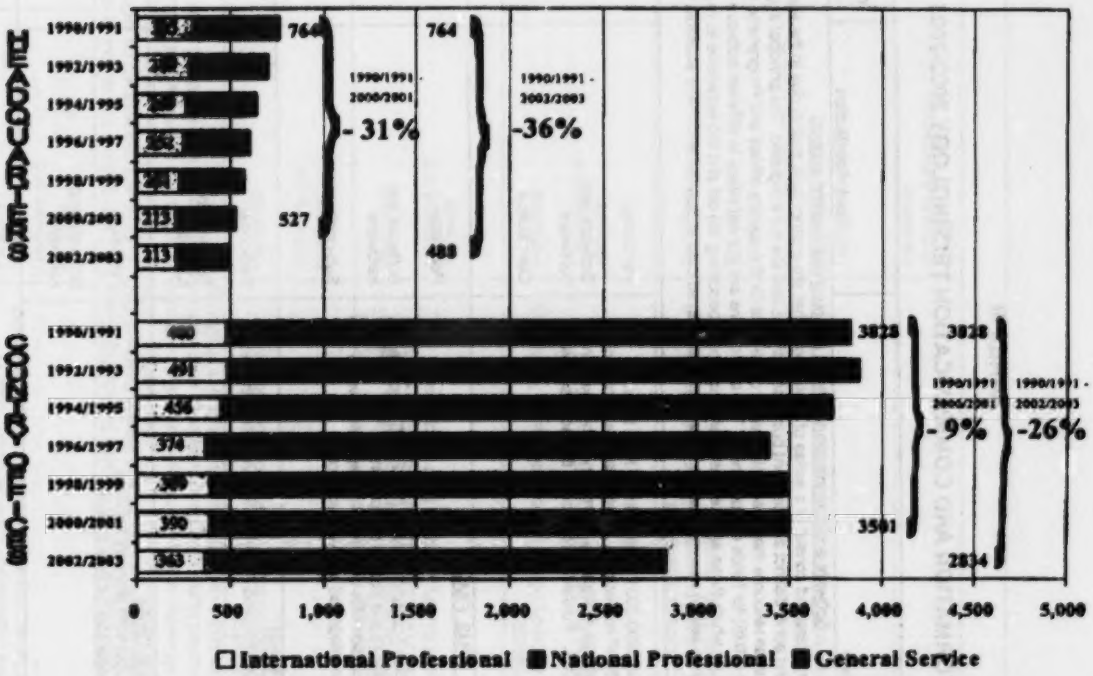


Source: 1992 – 2000: Actual contributions
2001 – 2003: Projection

ANNEX II

UNDP SUPPORT BUDGET 1990/1991 THROUGH 2002/2003: POST REDUCTIONS

International and National Professional staff and General Service staff (regular resources)



ANNEX III

INFORMATION AND COMMUNICATION TECHNOLOGY 2002-2003

Description	Cost distribution	Time frame (months)	Resource estimates ($ thousands)
<u>Software applications: transactional and business decision support</u> UNDP software applications are largely transactional in nature and consist of a series of applications that are custom built, mainly due to the absence of commercially available software packages aimed at the public sector. UNDP applications serve distinct and different business activities and are not integrated. The principal applications are the: Integrated Management Information System (IMIS) for corporate finance and human resource management, country office suite for the country offices and Programme Financial Management System (PFMS) and maintained Financial Information Management System (FIMS) for funds management. The applications are in most cases in different software code and store data in distributed non-integrated databases. In addition, the technology base on which these applications operate is rapidly becoming too old and too expensive to maintain and operate. Dedicated staff, software and equipment (see Business Information Centre below) assures that the heterogeneously stored data is cleaned and made available for analysis and reporting purposes through a data warehouse.			
IMIS – Finance and human resource releases: UNDP continued to make adjustments to the software in 2000-2001 to get IMIS to fit its business process needs. The UNDP version of IMIS is run on UNDP hardware by United Nations Secretariat staff. UNDP started to adapt the latest release, IMIS release 4 related to payroll and other fixes, in 2001 and implementation will be in the fourth quarter 2001. Further adaptation of this software will continue into 2002-2003.	Personnel Software and hardware Contribution	24	6308 202 1630
Total			8140
<u>Country Office Suite, PFMS, FIMS</u> Programme systems (FIM) FIMS platform migration to new technology Administrative and financial systems Windows Field Office Account Systems (WinFOAS) modules Information exchange: Financial Exchange Website (FINEX) and related components Conduct business process re-engineering study in connection with country office reprofiling with a view to rationalization of existing systems possibly through an integrated software solution	Personnel Software and hardware Sub-contract	24	3208 1109 3000
Total			7317
<u>Intranet and Internet</u> Following 2001 new Intranet and Internet Portal, focus on improved maintenance and strengthened staff support to user community.	Personnel Software and hardware	24	1901 180
Total			2081
<u>Business Information Centre</u> New knowledge management technology in support of upstream advisory services. Improved data management, dictionary and model in preparation of data cleaning.	Personnel Software and hardware	24	2762 1940
Total			4702

Description	Cost distribution	Time frame (months)	Resource estimates ($ thousands)
CO RIM Support Following new 2001 Regional Information Manager (RIM) organization implementation, focus in 2002-2003 will be improving support to country offices by assuring improvement in ICT skill levels and consistent UNDP ICT strategy implementation.	Personnel Hardware and software	24	2576 1748
Total			4324
Telecommunications A key milestone for the UNDP wide area network (WAN) was the July 2000 Executive Team decision that all country offices should have connectivity of no less than 64kbps. The execution of this decision is now under-way and will be completed in the last quarter of 2001. Subsequent upgrades will be called for owing to increased data flows reflecting ever-accelerating business-decision cycles and owing to the increase in the use of video and the evolution of web cam and web casting. In addition, the recent voice-over Internet Protocol (IP) technology will also require additional bandwidth. While the need for increased connectivity or bandwidth appears to be unavoidable, it does present cost-effective ICT opportunities thanks to the lower telecommunication costs and concurrent higher quality and availability, such as outsourcing of email on a worldwide basis and the centralization of application and database servers. Telecommunication should therefore take a central position in the UNDP ICT strategy.			
Telecommunication Additional bandwidth, voice-over IP,Video desktop and web casting to improve collaboration cost effectively across geographic locations and distance learning.	Personnel Software and hardware	24	2296 4020
Total			6316
LAN, Desktop, Office automation, Internet Replace obsolete Token Ring LAN technology with new, more cost-effective LAN products (skipping one technology generation); initiation of remote application and data storage by leveraging improved telecommunication to result in decreased dependence of country offices on local Information Technology resources and improved ICT reliability.	Personnel Hardware and Software	24	2444 5651
Total			8095
Email/Messaging Outsource email to result in decreased dependence of country offices on local information Technology resources and improved ICT reliability. Digital signature to result in the ability to conduct business in a paperless, more responsive and cost -effective manner.	Personnel Hardware and software	24	1173 971
Total			2144
Database administration – Software engineering New technology to improve significantly the IMIS reporting and business analysis capabilities to result in a more reactive response to data inquiries by users and donor countries.	Personnel Software and Hardware	24	1087 484
Total			1571
Directorate Operations Zero-growth directorate supporting a significantly increased ICT technology programme.	Personnel General operating	24	1942 422
Total			2364
	Personnel Software & Hardware Other		25697 16285 5052
Grand Total			47034

Annex IV

PLANS AND PERFORMANCE/RESULTS OF INFORMATION TECHNOLOGY INVESTMENTIN 2000-2001

Plans	Resource allocation ($ thousands)	Results accomplished	Results not accomplished (according to plan)	Additional results accomplished (not in plan)
IMIS – Human resource releases IMIS Release 1 (Basic Human Resources) was introduced in 1996 and IMIS Release 2 (Entitlements) in August 1998. According to the United Nations Secretariat, IMIS Release 4 (Payroll) is to be implemented in the fourth quarter of 1999. Productivity gains and savings have yet to occur. The quality of the human resources data, as well as the current fit between the business processes and IMIS are such that additional investment is essential to reap the full benefits of the IMIS project.	Regular resources 1 662.1 Other resources 900.0 Total 2 562.1	IMIS Release 4 has been installed. The payroll implementation along with Education Grant process modification are expected to be completed during the third quarter of 2001. Human Resources data activities to improve the quality of human resources data are continuing. Ongoing support to United Nations for common maintenance continued.	Although functional requirement definition is completed, because of delay in payroll implementation inclusion of ALDs in UNDP Payroll is being postponed until after IMIS payroll is implemented for UNDP. Aside from various bug fixes relating to payroll, no additional software developed for system enhancement.	Substantial functional, technical and educational assistance has been provided to JPO Unit relocation project.
IMIS - Finance Initially, UNDP IMIS requirements were categorized as "mandatory", "highly desirable" and "desirable". IMIS functionality was grouped under five categories, ranging from "show stopper" to "nice to have". IMIS enhancements for "mandatory" requirements with "show stopper" functionality were authorized. The remaining "mandatory" enhancements would be revisited upon IMIS implementation. Currently, 15 such enhancement requirements exist.	Regular resources: 1152.1 Other resources: 619.1 Total: 1 771.1	Additional interfaces have been built. Various UNDP- specific functional and technical enhancements have been designed, programmed and implemented in the UNDP environment. Ongoing support to United Nations for common maintenance continued.		Substantial functional, technical and educational assistance has been provided to JPO Unit relocation project. Extensive functional and technical support has been provided to Comptroller's Division activities during the year-end-closing exercises.
Country office substantive/operational systems FIMS/PFMS				
By mid-1999, 60 country offices moved to the FIMS. production mode, whereby they electronically update the corporate database in New York (PFMS) monthly.	Regular resources: 641.0	Electronically, all country offices are using FIM 3.2 which		Through a web-based exchange facility (FINEX), the country office is able to

Plans	Resource allocation ($ thousands)	Results accomplished	Results not accomplished (according to plan)	Additional results accomplished (not in plan)
Remaining country offices are to upgrade by end 1999. FIMS facilitates management of country office programme finances while ensuring that corporate procedures are adhered to. PFMS transactional database acts as the counterpart to FIMS as well as being the repository of the expenditure data reported by the executing agencies. It needs to be updated in step with the improvements to FIMS and reflect the latest provisions of the Programming Manual. FIMS/PFMS will improve overall productivity by decreasing the routine work and providing quality data to all management levels for better support to decision making.	Other resources: 309.0 Total: 950.0	decentralized Combined Delivery Report production to country offices. All country offices are electronically updating headquarters databases on a monthly basis. This has significantly improved the freshness of information for management and monitoring. Pipeline and approved budgets are included, which gives insight to country office project planning as well.		etrieve project expenditure data reported by agencies. Decentralization of delivery reporting for national execution, direct execution and NGO execution was accomplished for year-end 2000. Decentralization of apportionment was also pilot tested in major cost sharing sites.
National execution facilitation modules Even though NEX has been the preferred modality of execution for the past decade and currently more than 60 per cent of the project amounts are under NEX, difficulties persist. Management of NEX would improve if UNDP were to provide its NEX agents and the country offices with automated tools for management. Aside from improving productivity and accountability of the parties involved, it would help to establish good execution capacity in the host country.	Regular resources: 872.0 Other resources: 128.0 Total 1 000.0	Several technical (software) workshops have taken place, and prototypes have been considered. Existing home-grown solutions, primarily from Latin America, have also been reviewed for functional scope alignment.	The HR and Procurement modules for the admin (part of the suite) have not been stabilized to the extent that they could be the basis for the NEX facilitation and integration with current FIM. With the new FIM platform expected in 2002, both HR and Procurement modules for projects will be introduced.	In order to improve information exchange and permit the NEX partners closer collaboration with country office counterparts, a web facility will be in place by the end of 2001 and will access all project financial data as of prior day end-of-business. Payment status can be viewed and new transactions can then be initiated.
Programme substantive management modules These modules of the Country Office Suite 2001are intended to facilitate the management of the substantive side of programme operations and to streamline the reporting for the same. Some of the groundwork has been ongoing since late 1998 with the collaboration of three units (Information Support Division, Division for Information Management and Analysis and Division of Policy and Procedures. Among other benefits, this will enable monthly extraction of textual material pertaining to substantive areas	Regular resources: 1 307.0 Other resources: 193.0 Total: 1 500.0	Project statements for all new projects ("A" budgets) will be captured with the end- of-month data transfer of project financial data to headquarters.	Project document to be included with Revision A in FIM 3.3 (end 2001).	

Plans	Resource allocation ($ thousands)	Results accomplished	Results not accomplished (according to plan)	Additional results accomplished (not in plan)
of programme management and their despatch to headquarters with the digital country office systems extract. That will enable reports to be posted on the corporate intranet for sharing with other country offices to foster learning, use of research, and for substantive input to the aggregate reports prepared at headquarters.				
Results-based management (RBM) facilitation system As required by its Executive Board, UNDP has started implementing RBM and will report on its experiences at the current session. It is expected that UNDP will have to integrate RBM into its programme and non-programme areas of work systematically. That will require an in-depth analysis of the current management practices and procedures before setting in place a system that produces the expected benefits while avoiding duplication with its attending loss of productivity and increased costs. Putting in place such a system that generates benefits as a course of normal work by the staff will require a major effort during the 2000-2001 period.	Regular resources: 1 307.0 Other resources: 193.0 Total: 1 500.0	RBM system designed and implemented during period; reports prepared for inclusion in ROAR. Design and development of more sustainable RBM system now with Executive Team sub-group on simplification.		
Country-office accounting system UNDP has had an automated system for its country offices which was made Y2K-compliant at the beginning of 1999. It is essentially a cashbook rather than being a full-fledged accounting package. However, large country offices would be better served by a commercially available full accounting package, which would also result in savings at headquarters. In that regard, the experiences of UNV with its chosen commercial system are being followed closely.	Regular resources: 766.0 Other resources: 234.0 Total: 1 000.0	Comptroller Division is sponsoring a process re-engineering and software selection effort that is intended to lead to introduction of a full accounting package. Requests for Proposals (RFP) results received in second quarter 2001.		
General support systems Reporting and analysis infrastructure A business intelligence tool (Brio) has been selected to implement the UNDP vision of providing all management units with decision-making support through a user-friendly tool. Analysis and reporting systems have been created as pilot applications in finance, programme, and human resources areas. These systems, in conjunction with web technology, will make a wealth of information available to managers for decision-making support. This higher-level function of the information systems is what generates much	Regular resources: 1 743.0 Other resources 257.0	Set of finance and human resource reports available. Major reports of Comptroller's Division supported. Reporting databases developed to meet reporting requirements.		

Plans	Resource allocation ($ thousands)	Results accomplished	Results not accomplished (according to plan)	Additional results accomplished (not in plan)
of the return on investment and will move UNDP towards becoming a learning organization. It is expected that the successful implementation of this project will lead to major savings in the biennium 2002-2003.	Total: 2 000.0			
Internet/Intranet During the current biennium, UNDP Internet and Intranet sites were established at headquarters. The Intranet is the primary medium to build UNDP as a learning organization. Internet and intranet sites in the country offices are becoming the main vehicles for sharing information with development partners as well as internally. The Country Office Suite 2001 is being built to feed automatically the country office websites with timely content of good quality. Much headway was made during 1998-1999 and many of the infrastructural needs of country offices and headquarters were met. Expanding the functionality of the corporate internet and intranet will maximize their leverage.	Regular resources 436.0 Other resources 64.0 Total 500.0	UNDP Internet/Intranet web and content update Websites for all Country Offices Best practices on Intranet to promote learning Mailing lists, broadcast and discussion groups on knowledge-sharing.	Centralized data storage to establish knowledge base.	Video webcasts for learning
United Nations Volunteer management systems Further enhancements of the SUN full accounting system were developed during 1999 to allow branch accounting as envisaged for larger country offices. The project to make the volunteer management system Y2K compliant will start in 1999. Implementation and integration with the finance system and FIMS is provided for in 2000-2001. These systems are essential for UNV to streamline its processes and become more cost effective.	Regular resources 1 211.0 Other resources 0.0 Total 1 211.0			
Summary and total	Total regular resources 11 097.2 Total other resources 2 897.0 Grand total: 13 994.2			

ANNEX V

Ministerial Meeting on UNDP
11 September 2000
Summary by the Chairman

Ministers and Excellencies, Mr Administrator, Mr Associate Administrator, Ladies and Gentlemen:

Let me commend you all on the success of this meeting. As the Administrator mentioned this morning, it is indeed unique in UNDP's history that so many Ministers have gathered together to discuss the organization and its direction. This high level of political attention is in itself an important measure of the potential that exists to increase political interest in the organization and to provide impetus.

Please allow me to summarize the extremely rich contributions to today's discussion.

First and foremost, there has been widespread endorsement of the Secretary-General's vision of the role of the United Nations in development and of the critical part that UNDP plays in that context. Such endorsement comes at a particularly critical point in time, immediately after the Millennium Summit. Many of you have noted the emphasis given in the Summit to the continuing, critical challenge of poverty eradication against the background of globalization and to the role of the United Nations in that fight.

There was also warm endorsement of the Administrator's presentation of the new direction that UNDP is charting. The role of UNDP as poverty agency, working both at the global and country levels, has received widespread support. Many Ministers from the programme countries that UNDP serves described articulately - even passionately - the support that UNDP provides to their people. Let me add that I cannot fail to notice that we have come a long way, even since last year, when my tenure as President began. There seems to be a remarkably strong consensus around the direction mapped out by the Administrator.

Ministers recognized that globalization requires UNDP to change its strategies for development. Speakers picked up on the Secretary-General's metaphor that the platform must be raised to enable weaker countries to get on the global train. This requires technical assistance that is focused on the relevant areas of capacity-building. There was general support for the fact that UNDP is concentrating on its areas of comparative advantage, including capacity-building in governance and policy, special development situations and new areas such as Information Technology and the use of the Internet. South-South cooperation was also highlighted as important to UNDP, as were regional cooperation projects. Many countries, however, also stressed the importance of preserving the country-driven nature of UNDP's programmes, of promoting national execution, and of maintaining its flexibility and capacity to respond to country priorities. A number of speakers also reminded us that the trust that UNDP enjoys rests in considerable part on the absence of conditionality attached to its support.

UNDP's role as advocate at the global and national levels was widely commented upon, with a number of you endorsing the flagship Human Development Report. There was general recognition that the challenge of globalization makes access to policy choices ever more important.

All of the above were linked to the universal presence of UNDP, a presence that also serves the rest of the United Nations system. Here, while many stressed that a universal UNDP is

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indispensable to the mandate of the United Nations itself, others were concerned that the resource constraints presented a significant challenge to geographical coverage by the organization.

Partnerships were widely referred to as a necessary and important part of UNDP's work. UNDP's role in coordination was highlighted as important and unique, both within the United Nations family and beyond, with other parts of the international community. Some raised concerns that the respective roles of the United Nations and UNDP and the Bretton Woods institutions should be maintained and respected, with complementarity ensured through coordination at the country level.

The seriousness of the Administrator's commitment to results, to internal reform and to management performance and excellence at all levels was noted by many of you. Moreover, many of you also expressed support, both political and financial, for that process. Others commented on means of monitoring that process closely, particularly at the country level.

Last but not least, virtually all speakers raised with concern the issue of resources, including the critical importance of rebuilding the core resource base. It is extremely welcome that a number of major donors pledged to raise their voluntary contributions during the next year, with one country making an additional contribution for the current year. Likewise, the commitment expressed on the part of many programme countries to increase or adhere to financial commitments, despite internal constraints, an important indication of their support.

Let me now turn to the discussion on ways in which the momentum initiated by this meeting can be built upon. Various options have been put on the table, including:

- Intensive advocacy for aid to development and to the United Nations, at the national level;

- Means by which UNDP can communicate its improved performance from the field;

- The possibility, proposed by a number of Ministers, of annual events similar in nature to today's meeting, with the participation of Ministers;

- Options for UNDP to be considered in other international or regional forums such as the OAU or ASEAN;

- Options for the role of the Executive Board.

Most significantly, what came up most consistently was the interest shown by Ministers in continuing their involvement in the dialogue on UNDP and its future. I very much hope that that interest will carry through when Ministers return home, and that each can consider the opportunities that exist to put UNDP before their Ministerial colleagues.

The above gives me, in my capacity as President of the Executive Board, considerable food for thought. I hereby respectfully request your permission to take the above summary to the Board, and discuss there how we might take action on what has been said today – in particular, how we might engage you, the Ministers, on an ongoing basis in the task of strengthening this organizaton.

I echo the Secretary-General's comments of this morning in applauding the Administrator for this initiative, and in expressing the desire that the work of Ministers today will bear the fruits of renewed commitment and support to the United Nations Development Programme.

Thank you.

United Nations DP/2001/25

Executive Board of the
United Nations Development
Programme and of the
United Nations Population Fund

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Item 3 of the provisional agenda
Multi-year funding framework

Update on the multi-year funding framework and revised integrated resources framework

Summary

The 2000-2003 integrated resources framework presented in document DP/1999/30 has been revised, taking into account actual 2000 performance and updated projections for 2001-2003. The present report presents the revised integrated resources framework (2000-2003) and highlights some of the implications for UNDP.

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I. INTRODUCTION

1. At the third regular session 2000 of the Executive Board, the Administrator presented his report on the updated allocation framework and the multi-year funding framework (DP/2000/31). In its decision 2000/24, the Board agreed to consider a revised integrated resources framework (IRF) in conjunction with the biennial budget for 2002-2003 at the current session. The IRF for 2000-2003 presented in document DP/1999/30 has accordingly been revised to take into account actual 2000 performance and updated projections for 2001-2003.

II. REVISED 2000-2003 INTEGRATED RESOURCES FRAMEWORK

2. As noted in document DP/1999/30, the MYFF consists of two components: the strategic results framework (SRF) and the IRF. The IRF brings together all funding sources covering programme, programme support, management and administration and support to operational activities of the United Nations.

3. In its decision 99/23, the Executive Board requested the Administrator to submit every year an updated IRF, so as to provide a dynamic status of the overall resources of UNDP based on the most recent information and projections. The table below presents the updated IRF. The IRF covers both regular and other resources. Regular core resources cover voluntary contributions that are co-mingled and untied, related interest earnings and miscellaneous income. Other resources relate to resources mobilized for specific programmes within UNDP focus areas and for reimbursements to cover the cost of services provided by UNDP.

4. Based on the levels of voluntary contributions to regular resources in 1999 and 2000, the projections for 2002 and 2003 noted in document DP/1999/30 of $1.0 and $1.1 billion respectively have been adjusted to $800 and $900 million respectively. These will become the revised income projections for the biennium 2002-2003, amounting to a regular resource base of $1.7 billion for the biennium. This reflects a two-year delay in achieving the voluntary-contribution targets as initially envisaged. Based on recent increases by the majority of donors, the level of voluntary contributions is expected to increase in 2001 after annual declines over eight consecutive years. This turnaround needs to be sustained to place the organization on a more sound financial footing. For the four-year period 2000-2003, voluntary contributions to regular resources are now projected at $3.0 billion.

5. As noted in the budget estimates for the biennium 2002-2003 (DP/2001/21), UNDP has gradually evolved into a multifunded organization. Over the years, other resource contributions, i.e. non core, have grown significantly. In 2000, other resources amounted to $1.5 billion, comprising $571 million in third-party co-financing (trust funds and third-party cost-sharing) and $933 million in programme country cost sharing. The role of other resources was also fully recognized at the Ministerial meeting in September 2000. In his statement to the Executive Board at its third regular session 2000, the Administrator noted that current Official Development Assistance (ODA) trends called for a more realistic presentation of different types of resources; he will address this in the context of the 2002-2003 support budget.

6. In arriving at the most realistic presentation of UNDP resources, the relevant source of funding was the defining factor. Third-party co-financing is deployed internationally for development priorities outside the country of the contributor, while programme-country cost-sharing finance projects in the home country of the contributor. Furthermore, donors of the Development Assistance Committee of the Organization for Economic Development and Co-operation now participate broadly in third-party co-financings. An appropriate presentation is therefore to reflect regular resources and the category of other resources relating to third-party contributors as a distinct category of donor funding, separate from local resources provided by programme countries themselves. Total UNDP resources will therefore comprise the sum of donor and local resources. Accordingly, the IRF in the table

below includes a subtotal of donor resources comprising regular resources and the third-party co-financing category of other resources while the programme-country cost-sharing category of other resources is shown separately as local resources. The chart below depicts the IRF by harmonized budget categories.

7. The total income projections underlying the IRF for the period 2000-2003 amount to $9.4 billion, comprising: $5.6 billion in donor resources, of which $3.0 billion is projected for voluntary contribution levels to regular core resources; $2.6 billion in the third-party co-financing category of other resources; and $3.8 billion in programme-country cost-sharing. As reflected in table 1 projected expenditures are estimated at:

(a) Donor resources: $4.4 million relating to the programme, $0.7 billion for programme support; $0.2 billion for management and administration; and $0.3 billion for support to United Nations operational activities;

(b) Local resources: $3.6 billion relating to the programme and $0.2 billion for programme support and management and administration.

8. As a percentage of total donor resources, the net support budget covering all budgetary categories amounts to 21 per cent. UNDP has been able to maintain this low percentage by intensive downsizing and real-term reductions in its regular support budget. This has without doubt had an impact on the capacity of the organization that is financed through regular resources. The erosion in regular resources over the past years has severely impaired the ability of UNDP to produce the development outcomes envisioned in the country cooperation frameworks (CCFs) and in the strategic results framework (SRF) of the MYFF. This has had a particularly adverse impact on the struggle of low-income countries against poverty. The consequences of the funding shortfall also threaten the ability of the organization to sustain a strong global platform and a universal country presence on behalf of the United Nations system and the international community at large.

9. Regular, core resources remain the bedrock of UNDP, enabling it to serve as the operational arm of the United Nations at the country level and preserving its fundamental, multilateral character. While UNDP has become a multifunded organization, regular core resources provide the funding base for UNDP country presence and the country-driven programme focus. Other resources provide an important complement to core funding, but the two are not interchangeable. It is therefore crucial to place UNDP on a stable financial footing as regards both regular and other resources.

Integrated resources framework 2000 - 2003

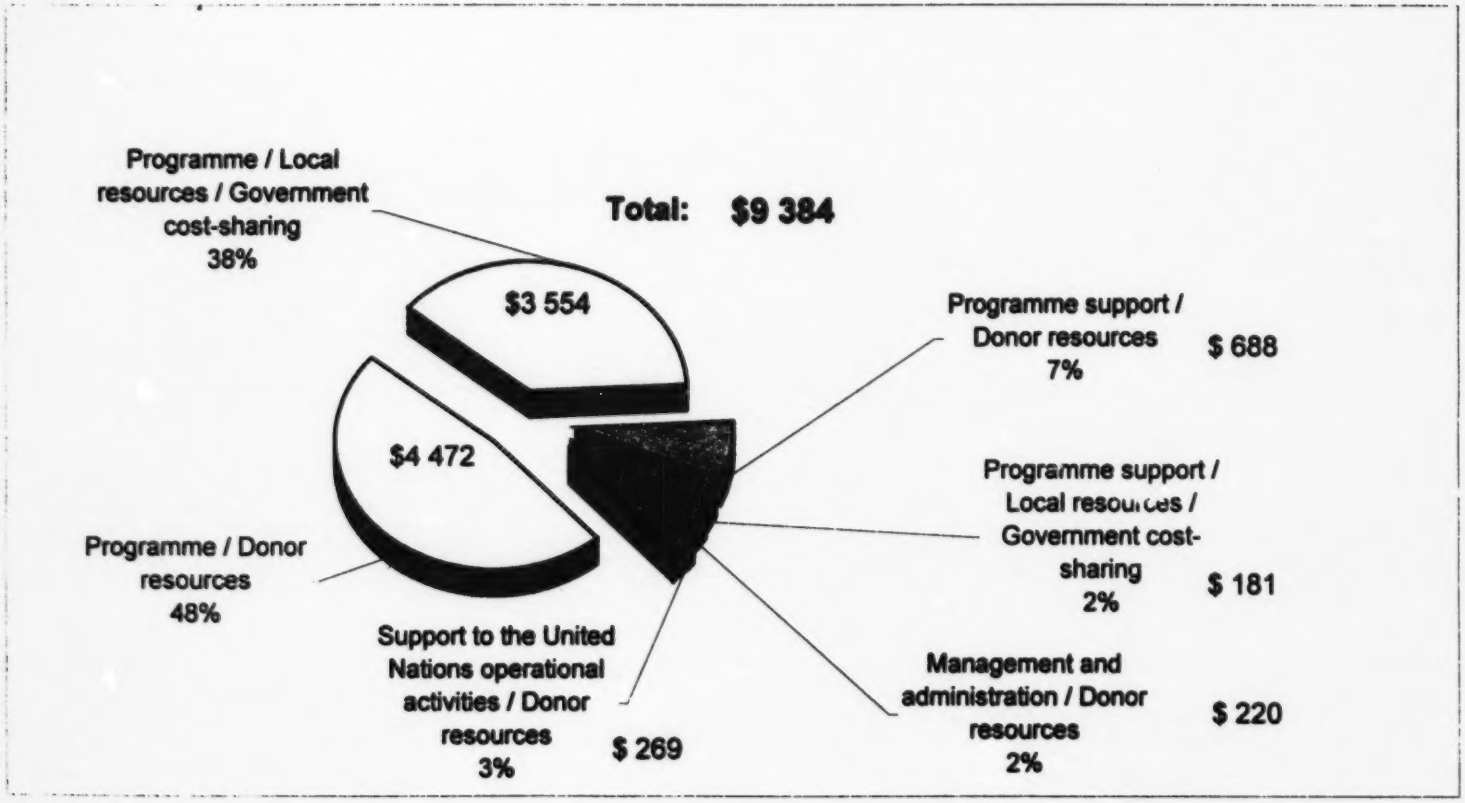
(millions of dollars)

Category	Programme					Programme support								Management and administration	Support to United Nations operational activities	Grand total	%
	Donor resources			Local resources	Total	Donor resources						Local resources	Total	Donor resources	Donor resources		
	Regular resources	Other resources (co-financing)	Total donor resources	Other resources (government cost-sharing)		Regular resources				Other resources (co-financing) a/	Total donor resources	Other resources (government cost sharing) b/		Regular resources c/	Regular resources d/		
						CO	HQ	GLOC & others	Total								
Programme (Governance, poverty, environment, gender and special development situations)																	
Least developed countries	991	840	1 831	31	1 862	243	71	(28)	286	35	321	1	322			2 184	
Other countries	641	962	1 603	2 841	4 444	288	44	(67)	265	49	314	144	458			4 902	
Net contributor countries	-	11	11	678	689	12	2	(8)	6	1	7	36	43			732	
Sub-total	1 632	1 813	3 445	3 550	6 995	543	117	(103)	557	85	642	181	823			7 818	
Other	359	668	1 027	4	1 031	13	5	-	18	28	46	-	46			1 077	
Total	1 991	2 481	4 472	3 554	8 026	556	122	(103)	575	113	688	181	869			8 895	94.6%
Management and administration														220		220	2.3%
Support to United Nations																	
Programme support to Resident Coordinator					-								-		43	43	
Country offices					-								-		106	106	
DGO					-								-		5	5	
IAPSO					-								-		5	5	
UNV (net)					-								-		50	50	
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	209	209	2.9%
Grand Total	1 991	2 481	4 472	3 554	8 026	556	122	(103)	575	113	688	181	869	220	209	9 324	100.0%

a/ Includes programme support/country offices at $80 million, and programme support/headquarters at $33 million.
b/ Includes programme support/country offices at $129 million, and programme support/headquarters at $52 million.
c/ Excludes management and administration for other resources, which amounts to $25 million ($10 million in co-financing; $15 million government cost-sharing)
d/ Does not reflect other resource activities for IAPSO and UNV.
e/ Covers, both for regular and other programme resources, regional and global programmes and other (Evaluation, TCDC activities, Programme of Assistance to the Palestine People, Development Support Services, etc.).
f/ Covers, for this column only, budget relating to Programme of Assistance to the Palestine People.

Abbreviations: DGO - Development Group Office; GLOC - Government contribution to local office costs; IAPSO - Inter-Agency Procurement Services Office; UNV - United Nations Volunteers

Resource allocation framework (2000-2003): Harmonized budget categories
(millions of dollars)


Programme / Local resources / Government cost-sharing 38%
Total: $9 384
$3 554
Programme support / Donor resources 7%
$ 688
$4 472
Programme support / Local resources / Government cost-sharing 2%
$ 181
Programme / Donor resources 48%
Support to the United Nations operational activities / Donor resources 3%
$ 269
Management and administration / Donor resources 2%
$ 220

United Nations DP/2001/26

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

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Evaluation

EVALUATION
Report of the Administrator

SUMMARY

The present report on evaluation, covering July 2000 to June 2001, details the progress achieved by UNDP in three strategic areas of the evaluation function: (a) aligning monitoring and evaluation practices with results-based management (RBM) principles; (b) strengthening substantive accountability; and (c) promoting organizational learning and partnerships. The report also presents the organization's substantive performance results from two main sources of empirical evidence: macro-level performance based on project evaluation data, and completed evaluations from UNDP and its associated funds and programmes. The report concludes with future strategic directions to meet the ongoing challenges for the increasingly central role of evaluation in contributing to organizational and development effectiveness.

UNDP demonstrates positive results in advancing RBM tools and methodologies across all levels of UNDP operations. Progress has been made in refining the strategic results framework, improving the methodology upon which the results-oriented annual report (ROAR) for 2000 was prepared, and in aligning monitoring and evaluation practices with results-oriented approaches designed to achieve a more transparent, rigorous and verifiable assessment of performance. UNDP has drawn on the extensive experience and lessons learned through country-office operations in furthering these RBM methodological innovations.

Both areas of substantive accountability and organizational learning are playing an increasingly central role in contributing to the UNDP culture of performance. UNDP has initiated the development of a knowledge-management strategy to serve as a driving force for improved organizational and development effectiveness. In turn, the empirical evidence from all evaluative exercises for substantive accountability and organizational learning can be more fully integrated to contribute real-time information for strategic planning and decision-making, as well as improved transparency and accountability.

Finally, the report points out the important efforts undertaken by UNDP in understanding how organizational effectiveness, increasingly through RBM approaches, gets translated into development impact. An element of this challenge, already being addressed by UNDP, is by investing in partnerships, working closely with other evaluation agencies, and building evaluation capacity in developing countries.

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I. INTRODUCTION

1. The evaluation function continues to evolve as UNDP responds to the challenge of internalizing results-based management (RBM) and in creating a performance-driven culture in the organization. While considerable progress has been made in strengthening evaluation as part of improved transparency and in forging a tighter link between evaluative work and improved decision-making and management, these challenges require renewed emphasis on building partnerships and on improved methodologies and approaches in defining and measuring results and in enhancing the substantive performance of the organization. It has brought out in particular the pressing challenge of making early progress in ensuring that empirical evidence plays a critical role in improving the quality and impact of UNDP-supported projects and programmes, as part of the overall knowledge-management strategy of UNDP.

2. There are clear, positive results. The demand for evaluative information has clearly risen, with a sharp increase in the number of evaluations in 1999 and 2000. The greater use of evaluative information by the organization is also discernible in the results-oriented annual report (ROAR) for 2000 and in an analysis of the evaluation plans. The present report, covering the period July 2000 to June 2001, examines the areas of progress in evaluation and the continuing challenges that the organization is responding to. More generally, the Administrator seeks in this report to inform the Executive Board on how the evaluation function is changing as UNDP attempts to improve its effectiveness and its contribution to development results. While highlighting some of the progress made, the report recognizes some of the newer methodological challenges that are emerging not only for UNDP itself but also more broadly for the development community with the growing focus on global targets and the role partners play in achieving them. It raises issues of "shared" accountability and the need for effective coalitions in support of specific change.

3. The present report begins with an examination of progress achieved and ongoing challenges posed in three strategic areas of the evaluation function: (a) aligning monitoring and evaluation practices with RBM principles; (b) strengthening substantive accountability; and (c) promoting organizational learning and partnerships. It then provides substantive performance results from two main sources of empirical evidence: UNDP macro-level performance based on project evaluation data, and completed evaluations from UNDP and its associated funds and programmes. Finally, it frames future strategic directions to meet the ongoing challenges for the increasingly central role of evaluation in contributing to organizational and development effectiveness.

II. PROGRESS AND CHALLENGES

A. Results-based management (RBM)

4. The ROAR 2000 benefited from a number of refinements that incorporated the feedback and experience gained to date by country offices in applying RBM principles. The SRF was refined. The methodology used to analyse and prepare the ROAR was improved, including a verification exercise drawing upon evaluative reports to validate the information being provided by programme units. An RBM database was developed and training carried out, including for staff from all country offices and headquarters units. An analysis of regional trends was prepared to be used by the regional bureaux for internal management. Now that the Executive Board has discussed the ROAR 2000, UNDP plans to move to the next stage in the RBM process by using the ROAR-generated lessons and results for strategic planning, evaluation and policy guidance. In this context, the alignment of monitoring and evaluation practices with RBM is one key step taken by the organization to assess performance better within the framework of new UNDP business model. Many of the realignment practices are driven by the broader organizational effort to simplify all operational tools and practices, eliminating unnecessary processes that do not contribute to the UNDP culture of performance and that imply high transaction costs. A simplification effort is under way involving the regional bureaux, the Bureau of Management, the Operations Support Group, and the Evaluation Office to ensure that RBM is embedded into the programming and reporting of the organization. This effort is intended to forge a tighter link between planning work and the delivery of results and draws upon results of the experimentation being carried out in the field by selected country offices.

5. The realignment of UNDP monitoring and evaluation instruments is reinforcing key dimensions of the strategic shift by UNDP to focus on development results and outcome-level performance. The key methodological refinements involve improved measurement and assessment of the results of the strategic results framework (SRF) mechanism; capturing soft interventions such as policy advice, dialogue and advocacy; more rigorous definition and use of indicators; and assessing the partnership strategy that UNDP pursues towards the achievement of targeted results. In the revision process, UNDP is working in partnership with selected country offices to test the methodological innovations and rely on field-level application of the new evaluation approaches. Currently, the evaluation of outcome-level performance is being tested in China and Mauritania. All methodological realignment to RBM is being reflected in the revised UNDP *Handbook on Results-Oriented Monitoring and Evaluation*, which will be completed by the third quarter of 2001. Thereafter, the Evaluation Office will begin the process of mainstreaming results-oriented monitoring and evaluation practices throughout the organization, in parallel with staff training and expanded technical support and advice to country offices.

6. Results-oriented evaluation approaches are a means to embed RBM and strategic thinking more deeply within the organization, linked to the day-to-day work of country offices and closely connected to the ROAR. With the stress on assessing the partnership strategy that UNDP pursues towards the achievement of targeted outcomes, UNDP expects a future growth in joint monitoring and evaluation exercises with development partners. The new approach for results-oriented evaluation is designed to foster joint evaluations on an increased scale and in closer coordinated monitoring of selected outcomes with development partners at the country level.

7. Key challenges remain, however, that call for a continuous process of learning and improving on the measurement of results and performance management. In particular, increased investments are required in the areas of indicators, attribution, and staff training. The proposed innovations assume a change in the culture and behaviour of staff in the organization – and its partners. These are challenges that UNDP faces as it strives to strengthen RBM into its management practices and operational tools and, as it moves forward, to promote broader development outcomes in line with the millennium targets.

B. Substantive accountability

8. Enhancing substantive accountability presents an ongoing challenge for UNDP. Although UNDP has some elements that address this objective, the sum of these elements does not as yet constitute a substantive accountability framework that accords with the organization's transformation. The introduction of RBM presents an important opportunity to develop such a cohesive and integrated framework from existing but dispersed elements.

9. One part of this framework includes effective oversight, which becomes an organizational imperative in the decentralized and changing environment to intensify and deliver development results. UNDP has put in place the Oversight Group which brings together the accountability elements for development results, organizational transformation and substantive accountability. As stated in the annual report on internal audit and oversight (DP/2001/13), this mechanism coordinates and optimizes the oversight roles of the Operations Support Group, the Office of Audit and Performance Review, and the Evaluation Office, thereby strengthening the links and synergy of all oversight tools.

10. The Evaluation Office has a key role in promoting and reinforcing the development of a substantive accountability framework through linking various monitoring and evaluation tools and methodologies. Three key instruments of such a framework comprise the evaluation compliance system, the tracking system of actions taken on evaluation recommendations, and developing an approach to assess impact. These tools and methodologies are at different stages of development and operationalization.

1. Evaluation compliance

11. Evaluation compliance remains a key aspect of substantive accountability. For the project-approval period covered by the present report, 1991, a 72 per cent compliance rate was attained, an increase from 64 per cent reported last year (DP/200/34) but short of the targeted 75 per cent rate (see annex). While the Regional Bureau for Asia and the Pacific (RBAP) has registered the strongest performance with a compliance rate of 84 per cent (up from 78 per cent as reported in 2000), in spite of having the largest portfolio of projects evaluated, the Regional Bureau for Arab States (RBAS) has registered the highest rate of increase - from 54 per cent to 77 per cent. The low compliance rate in the Bureau for Development Policy (BDP), up from 29 per cent to 50 per cent, in part affected the attainment of the targeted 75 per cent compliance rate. The information on the annex further reveals that the number of evaluation reports submitted to the Evaluation Office in 2000 increased by 26 per cent (up to 178 reports from 141 received at the same time in 2000). The consistent trend in the yearly increase in the number of evaluations recorded since the introduction of RBM in 1998 is a significant development for the role and potential improved use of empirical evidence for organizational and development effectiveness.

12. Precisely because of the increasing demands placed on the organization by RBM, however, the current compliance system is not the most effective approach for providing timely evaluation information required to inform corrective actions and policy decisions. Thus, with the priority focus on achieving a tighter link between evaluation recommendations and lessons learned, on the one hand, with management decisions and improved organizational practice, on the other, UNDP is currently designing an evaluation-tracking system to serve as a planning and monitoring tool for conducting evaluations, following up on management responses to evaluation recommendations, and tracking their progress of implementation. The new tracking system, to function as a real-time instrument, will make greater use of evaluation plans and contribute to more effective management actions. After initial testing in selected country offices, the tracking system will be revised by the end of 2001

13. As indicated in the 2000 report, the evaluation plans were analysed to examine the breakdown of evaluations scheduled to be conducted in 2000 by regional bureaux and area of focus. The results reveal that in three regional bureaux, the highest concentration was on governance-related evaluations. The Regional Bureau for Latin America and the Caribbean (RBLAC) at 40 per cent; the Regional Bureau for Europe and the Commonwealth of Independent States (RBEC) at 25 per cent, and the Regional Bureau for Africa (RBA) at 31 per cent. The second highest concentration for each of these bureaux was: RBLAC poverty (14 per cent); RBEC poverty (15 per cent), RBA environment (26 per cent). For RBAP, the highest concentration was in poverty (31 per cent), followed by governance (26 per cent), while RBAS registered the highest concentration in poverty (45 per cent), followed by environment (19 per cent). The areas of gender, HIV/AIDS, information and communications technology, and conflict and post-conflict ranged between 1 per cent and 8 per cent for all bureaux. These results provide a more complete analysis than the preliminary findings indicated in last year's report.

14. The results-driven evaluation tracking system will be made operational through the use of multi-year rolling evaluation plans, whereby all country offices and headquarters operational units establish evaluation goals for selected SRF outcomes in a given country cooperation framework (CCF) period. Evaluation plans thus become the building block for a tracking framework that links recommendations with decision-making processes and implementation. Steps will be taken to integrate this tracking system into the UNDP web-based management information system for RBM, thereby providing a real-time record of evaluation activities and serving as the institutional memory of all evaluations with their corresponding findings and results. Thus, the tracking system is designed to monitor the totality of UNDP evaluative work, communicate progress towards recommendation implementation, and serve as a repository of empirical evidence that can be tapped for organizational learning and knowledge management.

2. Methodologies to assess impact and improve feedback

15. At the corporate level, the ROAR functions as the principal instrument to provide feedback on UNDP performance in contributing to key development results at the country, regional and global levels. Although only on this year, the ROAR 2000 provides concrete examples of how this instrument strengthens substantive accountability, including identifying areas for future evaluation. In relation to the previous report, the ROAR 2000 reveals significant changes in the trends and focus of UNDP areas of interventions, as well as empirical evidence of achieving results that are in line with the broad goals set out in the Administrator's Business Plans. The ROAR 2000 itself was prepared with a refined methodology that resulted from the lessons learned in preparing the ROAR 1999 and the comments that the Executive Board made on it.

16. With the wider adoption of RBM principles across the organization, UNDP now sees three key instruments of the evaluation function, which working together, constitute the potential elements of a substantive accountability framework. The three elements are monitoring and evaluation instruments for in-depth assessments of output and outcome results (covered under paragraphs 5-7 above); country-level exercises, currently the country review, that assess and validate the strategic contribution of UNDP interventions to development outcomes; and country-level impact assessments (CLIAs) that assess the impact of UNDP support to a country over a longer period. The monitoring and evaluation instruments are already advanced, while the CLIA methodology needs more work.

17. Country reviews have served so far as a key management, accountability and learning tool for UNDP, governments, and by extension, the Executive Board, vis-à-vis UNDP engagement at the country level. With the corporate shift to RBM, however, country reviews must become more results oriented with more emphasis on development results and partnership strategies. By having a results orientation, the assessment and validation provided by country reviews of UNDP support are central to the formulation process of new CCFs.

18. In November 2000, the custodianship of country reviews was transferred from the Operations Support Group to the Evaluation Office, which has since been leading the methodological alignment of country reviews with RBM principles. For 2001, country reviews are planned in more than 50 countries whose CCFs are expiring. Based on a series of consultations, interim arrangements were adopted in the conduct of country reviews until the new RBM-compliant methodology is fully developed. As part of the revision process, the Evaluation Office, as an independent office, will directly conduct country reviews in a selected number of countries in 2001. The purpose of these country reviews is to meet the need for quality assurance and validation of development results. The reviews will address a set of core issues relating to UNDP strategic positioning and programme relevance, programme performance, programme management, and lessons learned. The countries for these reviews will be selected on the basis of geographical balance, typology of country, and coverage of UNDP areas of focus and core practices. The Evaluation Office will present these country reviews, together with a global analysis of lessons learned, at a future session of the Executive Board.

19. During 2000, the Evaluation Office completed testing the CLIA methodology in Burkina Faso and Malawi. The objective of a CLIA is to provide empirical evidence on the overall contribution and impact of UNDP interventions over an extended period of time while strengthening and refining the methodological tools and approaches to capture accurate results at the outcome and impact levels. In 2001, CLIA testing began in the Philippines, marking the completion of the first phase of the exercise. The results from the three countries already point to the potential for assessing the impact of development interventions over a longer period but also raise the issue of the high transaction costs that are involved in applying such a challenging methodology.

20. The participatory nature and validation of findings using a variety of methods (stakeholder perception, documentary evidence, quantitative and survey analysis) are valuable. A workshop will be organized to refine the CLIA methodology and establish the parameters that will have the least transaction costs for the organization. The Evaluation Office hopes to consolidate the progress made on CLIAs by (a) bringing more conceptual and analytical

rigour to the methodology and process; (b) enhancing capacity to conduct impact assessments; and (c) extending this knowledge to other programme countries and conducting a limited number of assessments.

C. Organizational learning and partnerships

21. UNDP remains heavily committed to knowledge management, recognizing that empirical evidence and learning generated by evaluations is at the core of this corporate commitment. In direct response to a key recommendation of the evaluation of the sub-regional resource facility (SURF) system conducted in 2000, UNDP initiated in January 2001 the development of a knowledge management strategy that will spell out, among other things, the ways in which UNDP intends to define, organize and apply knowledge for work and for learning. As part of the formulation process, UNDP conducted a global on line consultation to solicit the views of UNDP staff at large on the topic, an action-oriented workshop to synthesize the issues of the on-line consultation, and a knowledge management seminar with UNDP senior management in which parameters were established for the incorporation of a knowledge management strategy by the end of 2001. The elaboration of the strategy itself is being undertaken by four central units with key roles in different aspects of knowledge management, namely the Bureau for Development Policy, the Learning Resources Centre, the Office of Information Systems and Technology, and the Evaluation Office.

22. The major objective in adopting a knowledge management strategy in UNDP is to provide strong incentives for learning in the decentralized environment of the organization. Further, it will assure that the role of monitoring and evaluation, firmly rooted in empirical evidence, becomes a central building block for strategic planning and management. Currently, the Evaluation Office *Essentials* publication draws on such empirical evidence gained through conceptual and evaluation documents from internal and external sources to present policy options and lessons learned across a wide range of development services of corporate priority. The topics covered by *Essentials* during the reporting period, some of which are at the publication stage, include information and communication technology; human rights; reversing trends of HIV/AIDS; elections; and internally displaced persons.

23. Internal assessments by the Evaluation Office repeatedly reveal that the current design of the UNDP Central Evaluation Database (CEDAB) requires substantial redesign to conform to RBM principles and function as a real-time instrument for organizational learning. CEDAB currently functions as a stand-alone database system, placing more emphasis on the collection rather than on the knowledge-sharing dimensions of evaluation information. Consequently, CEDAB is being redesigned to function as an integral component of the emerging architecture of the UNDP knowledge-management system. It will function as a web-enabled knowledge-sharing module of UNDP evaluative work and empirical lessons, linked to a search engine that will capture evaluation-specific records.

24. Since 1998, the Evaluation Office has promoted an evaluation network (EVALNET) as a networking and learning mechanism to build evaluation capacity development within UNDP country office staff. EVALNET members have contributed to the realignment of monitoring and evaluation practices with RBM principles and provided inputs to the development of a UNDP evaluation-tracking system. Although this kind of involvement has allowed a field-based practitioner's check on the refinement of monitoring and evaluation instruments, EVALNET has not harnessed its full networking potential and the exchanges among members have been limited in terms of lessons and learning. In the context of the knowledge-management strategy being prepared in UNDP, the composition and role of EVALNET will be adapted to fit in with the organization's strategy for effective organizational learning.

25. With the increasing focus on development results, building evaluation capacity development, particularly within partner countries, remains a central endeavour to facilitate the move towards enhanced development effectiveness. The UNDP Evaluation Office and the Operations Evaluation Department (OED) of the World Bank are working together towards the establishment of the International Development Evaluation Association (IDEAS). The key goal of IDEAS will be to advocate development evaluation as a key tool for promoting transparency and accountability in decision-making and governance processes at the country level, and facilitating knowledge-learning on

evaluation and development issues at the global level. The Interim Steering Committee of IDEAS, with a majority of representatives from the South, is developing proposals for the constitution, work programme and financial plan for IDEAS. The proposals will be presented to a broader constituency in early 2002 to mark the formal launching of IDEAS.

26. The Inter-Agency Working Group on Evaluation (IAWG) constitutes another key channel to foster the development of evaluation capacity at the donor level, addressing issues and challenges for organizational and development effectiveness. An external review of the IAWG, with the objective of assessing its effectiveness and value-added, concluded that the IAWG has been useful as an informal forum for the exchange of information but has not been output-driven in the interest of developing evaluation capacity among member organizations. As a firm step to correct its marginal role to date, the IAWG decided at its last meeting (April 2001) to adopt key changes in its objectives, modalities of conducting business and priority areas for the current year. A major change has been the creation of theme-based working groups, each coordinated by a member champion and with a specific agenda and annual workplan with agreed deliverables. The four working groups created are: United Nations Norms and Standards (UNICEF as champion); Knowledge and Learning (champion being identified); UN Development Assistance Framework (UNDAF) (UNFPA as champion); and Evaluation-Capacity Development (World Bank as champion). Each working group will ensure that the dissemination of the products and outputs produced under its mandate are targeted at higher levels of the United Nation system and individual member organizations. In effect, the results and performance orientation taken by IAWG members reflects the partnership principles that are central to RBM and the pursuit of higher-level development change.

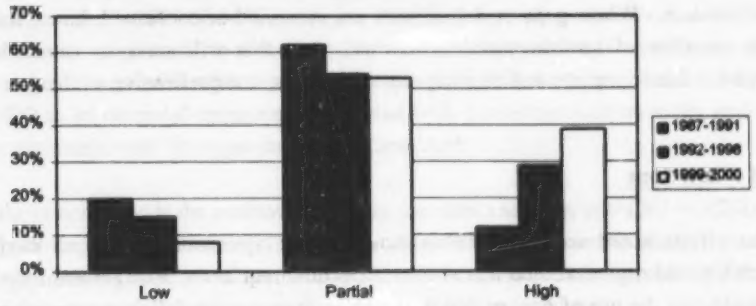
III. ASSESSING SUBSTANTIVE PERFORMANCE

A. Macro-level results from project data

27. For the second year, UNDP performance is being systematically assessed through the empirical findings from project evaluations conducted since 1987. The first UNDP report on development effectiveness made available to the Executive Board at its third quarter session 2000, marked the initial effort to assess UNDP effectiveness in achieving desired development outcomes. The analysis presented complemented and in some cases strengthened the conclusions of the ROAR 1999. The report on development effectiveness initiated a long-overdue debate within UNDP and with the Executive Board on how to assess UNDP development performance. Work is currently being completed on the second report, which updates the findings of the first report with an additional 150 UNDP evaluations conducted during the period 1999-2000.

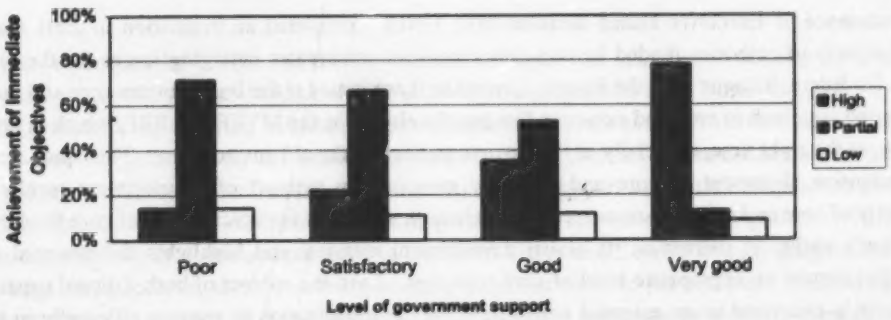
28. The empirical evidence contained in the report on development effectiveness for 2001 (to be issued in November 2001) reconfirms more forcefully the findings reported in 2000, that UNDP performance is increasing in the achievement of the immediate objectives of projects, as measured through the three different set of periods that group evaluations by the year in which they were conducted: 1987-1991, 1992-1998, and 1999-2000. The percentage of projects that had a low achievement of immediate objectives decreased by 47 per cent between the most recent period and the previous one while the percentage of projects that had a high achievement rate over the same two periods increased by 34 per cent (figure 1). Overall, the share of UNDP projects rated as having significantly or partially achieved their immediate objectives increased from 83 per cent for the 1992-1998 period to 92 per cent for the 1999-2000 period.

Figure 1: Achievement of immediate objectives:
A comparison over time



29. The empirical evidence of the first report on development effectiveness revealed the importance of ownership in shaping levels of performance. Figure 2, based on the latest evaluative evidence for the period 1999-2000, illustrates this relationship clearly: 78 per cent of all interventions that enjoyed a very good level of government support achieved their immediate objectives to a high degree, only 9 per cent were poor performers. These figures represent an increase, respectively, from the 60 per cent and 5 per cent reported in 2000 for the period 1992-1998. For interventions that enjoyed a poor level of government support in the 1999-2000 period, the performance rate for both high and low levels of achievement of immediate objectives was 14 per cent while 71 per cent achieved their objectives to a partial degree.

Figure 2: Achievement of immediate objectives by level of government support



30. The focus of the report on development effectiveness for 2001 is not only on project performance but, equally important, on two particular thematic questions: the importance of ownership as an influence on development outcomes; and the means to enhance the upstream policy impact of UNDP interventions through project-level design and implementation modalities. Based on the evaluative evidence to be presented in this year's report, it emerges that the principal strategies used by UNDP to promote national ownership include development and use of global standards, serving as an impartial broker, and use of the programme approach. The principal strategies for upstream assistance include provision of policy advice and advocacy, promotion of national dialogue, and interventions aimed at capacity development.

31. On both national ownership and upstream assistance, the empirical evidence points out that policies and strategies that directly target these two factors have a greater impact on development effectiveness. At the same time, however, the project data from which these conclusions are drawn is still limited, nor does the evaluative evidence provide sufficient information to be able to compare the benefits of various strategies to promote national ownership or upstream action. In addition, the analysis is not sufficiently desegregated to reflect differences in the country context or

to guide decisions about strategy alternatives. Among these and similar conclusions being established, the development effectiveness report will also signal next steps to make use of lessons learned and signal initial benchmarks for future evaluative work and research. Where gaps or deficiencies are identified or confirmed during the exercise, UNDP will seek answers to the question of how to establish new practices that will serve to establish the critical mass of information required for future reports and to carry out a rigorous, comprehensive evaluative assessment of UNDP performance.

B. Completed evaluations

32. Through the efforts noted above, UNDP is making more systematic use of all evaluative work for both substantive accountability and organizational learning. UNDP now requires a management response from all strategic evaluations and it catalogues the use of evaluations through the management follow-up on recommendations. For the reporting period covered by the present report, the corporate-level programme of strategic and thematic evaluations managed by the Evaluation Office comprised: evaluation of UNDP non-core resources; evaluation of direct execution; and UNDP/Government of Japan joint evaluation of Japan-funded, UNDP-administered programmes in East Timor and Kosovo. These evaluations provide empirically based findings to help to inform corporate policy and strategy on vital corporate issues: programme-financing mechanisms; efficiency of delivery systems; and conflict and post-conflict assistance. The in-depth evaluations of the first global cooperation framework, conducted by BDP and presented to the Executive Board at its third regular session 2000. The evaluation work of the UNDP associated funds and programmes, examined below, is also a key contribution to the organization's body of empirical evidence.

1. UNDP evaluations

Evaluation of UNDP non-core resources

33. In pursuance of Executive Board decision 98/2, UNDP completed an evaluation in 2001 that explores and addresses all aspects of activities funded by non-core resources, anticipates emerging issues for the organization and lays the basis for future dialogue with the Board. Central to these issues is the link between core and non-core funding and the integrated approach to core and non-core funding developed in the MYFF and SRF, which is proving to be the right approach, at the right time, especially in the current realities of the aid environment. This approach reinforces the need for substantive alignment of core and non-core resources in support of development results. Beyond the complementarity of core and non-core resources, the evaluation addresses the specific role of core funding in furthering the organization's ability to deliver on its global development mandate and highlights the essential features of the organization that require an appropriate level of core resources. Last, the subject of both national capacity and UNDP internal capacity is examined as an essential component for the organization to operate efficiently in an increasingly competitive environment.

34. The recommendations made in the report are grounded in the empirical evidence gathered by the evaluation team and, as such, provide useful insights for UNDP as it defines its strategy and policy for non-core funds. UNDP presented its management response to the Executive Board at its annual session 2001 in document DP/2001/12, endorsing the findings of the evaluation, particularly as they relate to the MYFF. The need to enhance UNDP capacity for resource mobilization was acknowledged. It was also stressed that core resources remain the bedrock of UNDP, and, while non-core resources provide an important complement to core funding, the two are not interchangeable.

Direct execution

35. At the request of the Associate Administrator, with support from the Office of Audit and Performance Review (OAPR), the Evaluation Office carried out an evaluation of UNDP experience with direct execution. Concluded in the third quarter of 1999, the evaluation addresses specifically the designation of UNDP as the executing agent. The annex to document DP/2001/CRP.13 contains an executive summary of the evaluation. The key overall conclusion was that now is the time for UNDP to carry out a fundamental rethinking of execution in the broader sense in line with the focus

on results and the new UNDP business model. The key challenge at hand is to determine the appropriate package of UNDP service delivery methods that respond to UNDP present and future needs. The solution may well lie in the emphasis in the evaluation that UNDP should possess a flexible range of modalities that will enable it to provide technical and implementation assistance in a manner that is client-responsive, cost-effective and transparent. The evaluation report envisages a range of flexible service delivery and implementation modalities, with an expanded use of direct services by UNDP as an essential component combined with a coherent accountability and oversight framework and clear performance standards with the requisite internal capacities.

36. Underlying the conclusions is the evaluation finding that direct services provided by UNDP are not detrimental to national ownership or capacity-building. On this basis, the evaluation recommends that national ownership and capacity development be defined in terms of commitment to and leadership of key processes for development results, rather than in terms of the process followed or compliance with UNDP procedures.

37. Early thinking on the management response was presented to the Executive Board at its annual session 2001, in document DP/2001/CRP.13. UNDP welcomed the opportunity to take a new look at the execution system in view of the need for responsiveness, performance and speed, and to pursue a radical simplification of cumbersome procedures. It was underlined that UNDP remains committed to national ownership. In light of the changes recommended, it was recognized that the annual session 2001 marked the beginning of a process of dialogue with the Board and the UNDP development partners. Members of the Board expressed interest in discussing the relationship between national execution and direct execution, the relation between the policy advice services and implementation services, as well as capacities and the practical consequences of the proposed changes.

UNDP/Government of Japan joint evaluation of Japan-funded, UNDP administered programmes in East Timor and Kosovo

38. This joint evaluation by UNDP and the Government of Japan was launched in January 2001 with the aim of reviewing progress achieved by Japan-funded, UNDP-administered projects in East Timor and Kosovo. In total, nine projects will be evaluated, all covering infrastructure rehabilitation objectives at a volume over $60 million. As an example of real-time evaluative work, the evaluation report includes detailed recommendations focusing on project reorientation, budgetary revision, as well as recommendations on adjustments in institutional practice that could benefit UNDP as well as the Government of Japan in providing assistance in post-conflict situations. Three key lessons emerging from this portfolio of assistance provided in both East Timor and Kosovo are: (a) infrastructure projects can bring critical, large-scale benefits, thereby serving as entry points to other important areas, such as upstream policy advice; (b) infrastructure projects are likely to need special sustainability measures, particularly through complementary parallel assistance in capacity development, institution-building and cost-recovery schemes; and (c) post-conflict projects need to start expeditiously and remain flexible throughout their development and implementation phases, as a means to maintain the involvement of beneficiaries and meet their needs effectively.

39. So far the process of conducting a joint evaluation has proven to be an effective mechanism in directly addressing the growing demand by taxpayers in donor countries to know whether their money is being used appropriately to improve people's lives. The initial draft report of this evaluation was the basis for a high-level workshop in Japan to make visible the contribution and benefits of Official Development Assistance (ODA) in East Timor and Kosovo. The findings and empirical evidence generated through evaluative work points to the opportunities to introduce joint evaluations as a more standard development practice and as a link between ODA and taxpayers.

2. Evaluations by UNDP associated funds and programmes

40. Much work remains to be done by UNDP in order to involve the funds and programmes more closely in the realignment and application of RBM monitoring and evaluation practices. Whereas some of the funds and programmes

have started producing ROARs, UNDP recognizes that results-oriented practices and methodologies can be strengthened in the evaluative work of funds and programmes, particularly to ensure that the totality of the UNDP monitoring and evaluation function becomes a corporate instrument for organizational efficiency and development effectiveness. The evaluation results from the funds and programmes provide ample evidence that UNDP can move more in the direction of this integrated, coherent approach.

United Nations Capital Development Fund (UNCDF)

41. UNCDF conducted 19 programme and project evaluations, covering the infrastructure sector, local governance, eco-development and microfinance. The UNCDF Evaluation Results report for the year 2000 presents the major conclusions from these evaluations: projects demonstrate major movement from blueprint infrastructure-type projects to local development, eco-development, and microfinance operations; projects are implemented in concert with local government and increasingly involve the participation of citizens and NGOs; projects strengthen management capacities of government and civil society organizations; and projects succeed in strengthening local capacities and the construction of infrastructure that contributes to reducing poverty.

42. The evaluations conducted point equally to certain weaknesses: maintaining corporate coherence among the many involved organizations in developing participatory forms of government is a major challenge; microfinance and eco-development strategies are far from sound; monitoring and evaluation systems remain weak, owing partly to a lack of conceptual clarity on what is needed and partly to structural problems in the focus of attention when projects are initiated; the complete mainstreaming of a gender perspective remains a challenge; and management structures that are less than clear, plans that are over ambitious and analytically weak, and conflicting agendas among management stakeholders undermine performance.

43. The evaluations also pointed out that UNCDF has made some improvements, particularly in the area of monitoring and evaluation. Among the positive changes, UNCDF has established corporate guidelines for project operational plans as well as for annual work plans that will feed into the RBM process. In response to the lessons regarding gender issues, the organization is undertaking an impact assessment to identify the areas for improvement in the mainstreaming of gender issues within local governance and natural resource management.

44. Finally, UNCDF has modified its formulation process to allow for greater ownership of the process within the programme country and to ensure that all necessary analyses have been undertaken prior to the final approval of a project. The Fund's particular niche of working at the local level through local authorities coincides well with UNDP concentration at the upstream level. Most of UNCDF projects, particularly in the area of local governance and natural resource management, are carried out in collaboration with UNDP. Consequently, the two organizations derive mutual benefit from working closely together in finding effective mechanisms by which lessons learned can be disseminated widely and upscaled for greater impact at both UNDP and national policy levels.

Montreal Protocol

45. The Montreal Protocol Multilateral Fund completed evaluations of Montreal Protocol programmes and projects in the areas of foam, training, and refrigerant recovery and recycling. Evaluation field visits are also being undertaken during 2001 to complete the evaluation on solvent projects. Together with evaluations done in 1999, almost all UNDP Montreal Protocol projects have gone through the extensive monitoring and evaluation process of the Multilateral Fund.

46. Based on the recommendations of the Montreal Protocol evaluation reports, specific changes were made to the Multilateral Fund (MLF) policies, procedures, guidelines and criteria for increased accountability by all parties concerned to improve efficiency and effectiveness of the project and to ensure the sustainability of the phase-out in countries of ozone-depleting substances. Moreover, the UNDP Montreal Protocol Unit has drawn on the results and

lessons learned from these evaluations, together with the changes made in the MLF policies, procedures, guidelines and criteria, to make further adjustments and improvements to its operational procedures in the formulation and implementation of the UNDP Montreal Protocol projects.

United Nations Volunteers (UNV)

47. In 2000, UNV conducted five evaluations of country projects, one regional review and two major strategic reviews. The strategic reviews were on the use of the Special Voluntary Fund (SVF) and on UNV involvement in conflict resolution and confidence-building.

48. The review of the SVF highlighted a series of issues, one of which was the need to focus the use of resources better and more strategically. This is in line with a new initiative launched with six UNDP country offices, which aims at demonstrating UNV value-added for the upstream/downstream interface in the area of governance and to support the linkages between civil society and government structures. The review of UNV involvement in conflict resolution and confidence-building was the first in a two-step review of UNV involvement in crisis and post-crisis situations. As such, major policy-level decisions and follow-up will be taken only after the second step has been completed during the second half of 2001.

49. It has been a recurrent theme in evaluations that critical characteristics of UNV volunteers include that they respond positively to the needs of partners in the South, that they are qualified in their fields of specialization as well as culturally, and that they interact constructively with the target population. However, there are also some recurrent issues that need to be addressed. One is that UNV volunteers should be better prepared for their assignments before actually taking them up. To this effect, UNV has developed a comprehensive briefing kit. Another issue is that the in-country back-stopping demands on the UNV programme officers require bigger investments in capacity development. In response to this, UNV has developed and is introducing a learning-cycle approach spanning from the initial recruitment to the end of the assignment. This cycle aims at addressing the individual needs of staff with respect to identified core competencies as well as at strengthening their capacities to support key elements of the UNV business plan.

Global Environmental Facility (GEF)

50. Between July 2000 and June 2001, UNDP/GEF completed its annual project implementation review, seven project evaluations, and has participated in over 10 broader thematic studies and evaluations conducted by the GEF secretariat. The key findings, recommendations and emerging actions that result from this body of evaluative work stress that many UNDP/GEF-funded projects produce catalytic, and replicable effects that go beyond project-specific goals: greater awareness about global environmental issues (at the local and national level); changed attitudes; the establishment of new policies and regulations; and the replication of successful project approaches. The interaction of UNDP/GEF projects with other organizations also ensures that all partners benefit from synergy effects and the complementarity of follow-up projects. As a result of this recommendation, UNDP/GEF is piloting the creation of learning portfolios, as a mechanism for projects that share similar approaches and strategies to exchange their experience.

51. Another key finding is the recognition that the development of national capacity is the key factor to address global environmental problems successfully. Capacity-development efforts, therefore, have to go beyond the boundaries of specific projects to sustain and create capacity on a broader, systems level. The self-assessment of capacity needs at the national level has been recognized as an important step. The GEF Council took action on this recommendation in May 2001 and has initiated processes so that the self-assessment of capacity-building needs can begin immediately in countries that request such assistance.

UNIFEM

52. UNIFEM continued to develop mechanisms to link its evaluation and assessment activities with broader strategies of organizational learning and RBM. Evaluations of thematic initiatives across regions were undertaken, including on those on UNIFEM work in gender and trade, as well as on a portfolio of projects from the Trust Fund in Support of Actions to Eliminate Violence against Women. Key projects were also evaluated, including pilots to link women producers to markets and national-level activities to address gender-based violence.

53. The evaluation of UNIFEM gender and trade programmes in all regions was undertaken using a collaborative approach, developing learning questions, conducting field visits and desk reviews, and engaging graduate students and economists with strong gender perspectives. A similar process was used to evaluate and learn from the advocacy strategies and materials used in the UNIFEM-led inter-agency campaigns to end violence against women.

54. A learning component was established to generate lessons from the UNIFEM Trust Fund in Support of Actions to Eliminate Violence against Women. Ongoing learning and assessment activities aim to identify the critical success factors in seven projects that generated valuable lessons on ending gender-based violence, particularly through community-based strategies. The initiative is generating programming principles relating to involving men in ending gender-based violence, securing the buy-in of community leaders, and building commitment of families to protect their daughters.

55. UNIFEM is placing a major emphasis on devising systems and approaches to ensure that evaluation findings make their way into programming, policy decisions, organizational learning and RBM. Both the approaches and the preliminary findings from project-oriented evaluations on ending violence against women will form the basis of an organization-wide thematic evaluation of gender-based violence and are the inspiration for the next edition of UNIFEM flagship publication, *Progress of the World's Women 2002*. UNIFEM has learned that comprehensive support and follow-up must be built into evaluation activities to ensure their application to programming. As an example, the assessment carried out on UNIFEM gender and trade activities has stimulated the creation of an internal "learning circle" on gender and trade. The plan is to use electronic communications to further develop principles to improve UNIFEM efforts to engender trade policies and practices at the macro, meso and micro levels. UNIFEM is also making efforts to share more widely the results of evaluations and assessments, particularly by institutionalizing consultations to share lessons learned and evaluation results.

IV. DIRECTIONS FOR THE FUTURE

56. The evaluation function is critical to the new UNDP. It plays an increasingly central role in results based management, in demonstrating UNDP effectiveness and in contributing to a performance-driven culture in UNDP. While much progress has been made, there are equally large challenges ahead for the evaluation function in general, and for the Evaluation Office in particular, in ensuring that empirical evidence becomes a driving force for improved policies, programmes and management. To this end, and building on the progress noted in the present report, UNDP will pursue the following strategic directions:

(a) Reinforcing results-based management. There is a key challenge here to mainstream the culture of measurement, and results-oriented monitoring and evaluation in the organization. This goes beyond aligning monitoring and evaluation instruments and includes further refinement of RBM approaches, stronger technical support to country offices and headquarters programme units, and more effective training, so that the UNDP commitment to managing for results is reinforced and UNDP remains in the forefront of change among development agencies and can credibly demonstrate development impact;

(b) Building partnerships. As UNDP moves towards influencing development outcomes and building coalitions in support of change, investing in evaluation partnerships becomes key. It is critical that this partnership extend to enhancing the evaluation capacities of partner countries. Bearing in mind the synergy and the value that partnerships generate, UNDP and the Evaluation Office in particular will give priority attention to increasing the number of joint evaluations at the corporate level in key strategic areas and at the country level for the outcomes being pursued. This strategy is consistent with the trends seen across most development organizations, which today are making a concerted effort to leverage partnerships as a means to improve the overall impact and effectiveness of their development assistance;

(c) Making substantial progress in learning lessons. UNDP will give priority to generating and using lessons learned based on empirical evidence. The key challenge ahead will be to link all relevant instruments existing within UNDP that contribute to substantive accountability and performance assessment as integral parts of the organization's knowledge management strategy and RBM management information system, both of which are currently under development. As both systems become operational over the near future, focused efforts will be required to make operational the link between empirical evidence and organizational learning processes, products and systems.

57. RBM is producing a fundamental change in the culture of UNDP, introducing strategic direction, ensuring transparent accountability of how UNDP utilizes its development resources and identifying the difference these resources are making to the lives of people. This is leading UNDP to transform the evaluative function from a bureaucratic practice of fulfilling established procedures and pro forma compliance into evaluation as an integral part of strategic planning and management. Evaluative evidence needs to become a critical input into the broader process of defining organizational focus, policy, and priorities, in the interest of contributing to a more effective and relevant UNDP.

V. EXECUTIVE BOARD ACTION

58. The Executive Board may wish to take note of the present report.

Annex

EVALUATION COMPLIANCE

I. INTRODUCTION

1. The present report is the sixth on evaluation compliance submitted to the Executive Board. It provides information on the progress on compliance with the requirement of mandatory evaluation for the portfolio of projects approved in 1991, 1992 and 1993. As stated in the previous report (DP/2000/34), there will be no further reporting on the performance of the 1990 portfolio, which surpassed the target of 70 per cent set for the end of 1999. Thus, the reporting on compliance is limited to three portfolios, namely projects approved in 1991, 1992 and 1993. The presentation of the data is based on the format of previous analyses (DP/1996/CPR.7, DP/1997/16 Add.4 (annex II), DP/1998/19, DP/1999/17 and DP/2000/34).

II. COLLECTION OF REPORTS AND EXTRACTION OF DATA

2. The Central Evaluation Database (CEDAB) is an institutional memory, based on in-depth evaluations of the relevance, performance and results of UNDP-supported programmes and projects. The Project Evaluation Information Sheet (PEIS), is an abstract of the full evaluation report, which - when completed - enables the Evaluation Office to enter the data pertaining to every project/programme evaluation in CEDAB.

[1] The evaluation team leader must submit, together with the full evaluation report, a PEIS based on the evaluation report. The country office or headquarters unit that manages the evaluation must ensure compliance with the requirement of submission of the PEIS (Section 7.4.6 of Chapter 7 of the UNDP Programming Manual)

A. Global analysis

3. The Evaluation Office received a total of 1,903 evaluation reports for the period 1990 to 2000 (table 1) as against 1,818 for the period 1989 to 1999. This increase of 5 per cent, indicates a continuous improvement in the rate of evaluation of projects.

TABLE 1. Total number of evaluation reports received by the Evaluation Office by year of evaluation

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	Total
265	242	202	146	150	155	122	99	157	187	178[a]	1903

[a] As of July 2001, the number of evaluations conducted in 1999 and received by the Evaluation Office by July 2000 was 141 compared to the 178 shown here. This represents an increase of 26 per cent.

B. Breakdown of evaluation reports provided by regional bureaux

4. The Regional Bureau for Asia and the Pacific (RBAP) continues to lead the submission of evaluation reports since 1992, constituting 37 per cent of the total number of evaluation reports received in 2000 (table 2). The Regional Bureau for Latin America and the Caribbean (RBLAC) is second with 17 per cent, followed by the Regional Bureau for Europe and Commonwealth of Independent States (RBEC) with 16 per cent; the Regional Bureau for Africa (RBA) with 14 per cent; the Regional Bureau for Arab States (RBAS) with 11 per cent; and the Bureau for Development Policy (BDP) with 5 per cent.

TABLE 2. Number of evaluation reports received, by bureau and year of evaluation

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	Total
RBA	141	114	85	40	59	42	37	12	31	31	25	617
RBAP	77	95	78	71	67	57	37	54	82	90	66	774
RBAS	21	12	18	10	7	11	24	12	13	6	20	154
RBEC	1	0	1	1	0	4	0	3	9	30	28	77
RBLAC	24	17	18	15	14	28	17	18	21	27	30	229
BDP	1	4	2	9	3	13	7	0	1	3	9	52
Total	265	242	202	146	150	155	122	99	157	187	178[a]	1903

[a]As of July 2001, the number of evaluations conducted in 1999 and received by the Evaluation Office by July 2000 was 141 compared to the 178 shown here. This represents an increase of 26 per cent.

C. Findings

5. The positive trend of an increase in the receipt of evaluations continues as of July 2001. The number of reports conducted in 1999 and received by the Evaluation Office by July 2000 was 141 compared to the 178 shown here. This represents an increase of 26 per cent. This is a significant achievement considering that 2000 was a year of major organizational changes. The requirement that evaluators complete a PEIS is still not observed for all the evaluations conducted, limiting the capture of lessons learned from evaluations and their recording in CEDAB as institutional memory.

III. COVERAGE

A. Existing rules

6. In chapter 7 (Monitoring and Evaluation) of the UNDP Programming Manual, it is stated that projects and programmes with budgets of $1 million or more should be subjected to mandatory evaluation.

B. Mandatory and other evaluations

7. While the number of mandatory evaluations for projects approved has gone up by 29 per cent from 104 in 1992 to 134 in 1993 (shown in table 3), there is a sharp decline in the number of non-mandatory evaluations, which has dropped by 90 per cent.

TABLE 3. Number of evaluation reports received, by year of project approval

Type of evaluation	Year of approval				
	1990	1991	1992	1993	Total
Mandatory evaluations	131	108	104	134	477
Non-mandatory evaluations	59	42	109	11	221
Total	190	150	213	145	698

C. Financial coverage of projects subject to mandatory evaluation

8. The sources of the financial data for projects approved in the period 1990-1993 are: (a) main programme records of the annual report of the Administrator for 1991-1994; and (b) information provided by Office of Information Services and Technology (OIST), at the request of the Evaluation Office.

9. Tables 4 and 5 show the number of projects of $1 million or more as a percentage of the total number of projects approved and the financial coverage of these projects, respectively. For the period 1990 –1993, the 15 per cent of projects for which mandatory evaluations are required account for an average of 66 per cent of total financial resources allocated to projects.

TABLE 4. Number of mandatory evaluations as a percentage of the total number of projects approved

	Year of project approval				
	1990	1991	1992	1993	Total
Number of projects approved	1256	1152	1395	954	4757
Number of projects above $1 million	210	160	180	167	717
Coverage (percentage)	17	14	13	18	15

TABLE 5. Financial coverage of projects subject to mandatory evaluation ($ million)

	Year of project approval				
	1990	1991	1992	1993	Total
Financial resources for all projects approved	850	631	841	782	3104
Financial resources for projects above $1 million	526	408	579	551	2064
Coverage (percentage)	62	65	69	70	66

D. Findings

10. The percentage of projects over $1 million is increasing and indicates that the criterion for mandatory evaluations is still a valid one and provides adequate coverage for accountability purposes.

IV. COMPLIANCE

A. Overall compliance

11. The overall combined rate of compliance for the portfolio of projects approved from 1991 to 1993 is 55 per cent, which is lower than the 64 per cent rate reported last year for the period 1990 to 1992. The portfolio of projects approved in 1991 has attained a rate of compliance of 72 per cent, which is 3 per cent short of the targeted 75 per cent, but a percentage point above the 2000 record. RBAP and RBAS have surpassed their target with 84 per cent and 77 per cent respectively. In view of the fact that the 10-year period for the full evaluation cycle has elapsed, there will be no further reporting on the performance of the 1991 portfolio. The rate of compliance for projects approved in 1992 has increased from 56 per cent (as reported in 2000) to 60 per cent. The initial compliance rate for the portfolio of projects approved in 1993 is 44 per cent.

12. In calculating the compliance rate, if one takes into account the number of evaluations scheduled and the number of reports awaited, the rate of compliance for the 1991and 1992 portfolios increases, respectively, from 72 to 79 per cent and from 60 to 67 per cent. Under this same consideration, the initial compliance rate for 1993 increases from 44 per cent to 58 per cent.

TABLE 6. Strict and likely compliance (numbers and percentage)

	Year of project approval			
	1991	1992	1993	Total
Mandatory evaluations	160	180	312	652
Mandatory evaluations less those not conducted with full justification (A)	151	173	307	631
Reports received (B)	108	104	134	346
Compliance (per cent) (B/A)[a]	72	60	44	55

[a]Rate of compliance based on total number of projects approved less those projects not conducted with full justification.

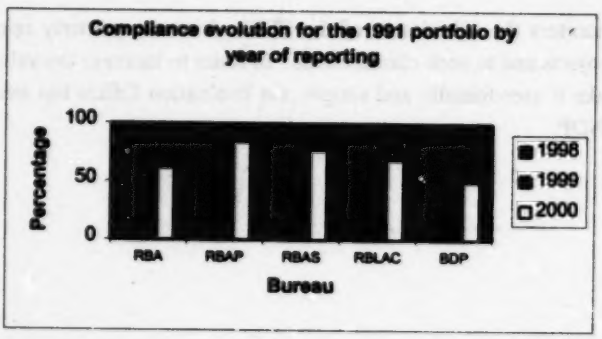
Compliance status of 1991 portfolio by bureau

13. A compliance rate of 72 per cent has been achieved for 1991. While this is up from 64 per cent reported last year, it is short of the targeted 75 per cent. A major reason for the shortfall is that 17 per cent of the projects from the 1991 portfolio are not being evaluated owing to a variety of reasons. By taking into account the evaluations scheduled and the reports awaited, the rate of likely compliance is 79 per cent. RBAP has registered the strongest performance with a compliance rate of 84 per cent (up from 78 per cent reported in 2000) in spite of having the largest portfolio of projects. At 77 per cent, RBAS has registered the highest rate of increase of 43 per cent (up from 54 per cent reported last year). RBLAC improved its performance from 63 per cent reported last year to 69 per cent. The low level of compliance rate for BDP (up from 29 per cent to 50 per cent) also affected the attainment of the targeted 75 per cent.

TABLE 7. Compliance status of the 1991 portfolio by bureau (numbers and percentages)

	RBA	RBAP	RBAS	RBEC	RBLAC	BDP	Total
Projects over $1 million	52	60	13	1	28	6	160
Not conducted with full justification	2	5	0	0	2	0	9
Evaluations received	31	46	10	0	18	3	108
Compliance (per cent)[a]	62	84	77	0	69	50	72

[a]Rate of compliance based on total number of projects approved less those projects not conducted with full justification.



B. Compliance of evaluation plans by bureau

14. The overall compliance rate for the submission of evaluation plans for 2000 is 68 per cent. RBLAC has submitted the highest number of evaluation plans (91 per cent), followed by RBAS (88 per cent). The rate of on line submissions is very low, and for the period 1998-2003 stands at 24 per cent. In on line submissions, RBEC takes the lead with 31 per cent, followed by RBAS at 29 per cent

TABLE 8. Compliance status of evaluation plans for 2000

	RBA	RBAP	RBAS	RBEC	RBLAC	BDP	Total
Evaluation plans	19	18	15	19	22	0	93
Percentage	43	72	88	73	91	NA	68

C. Overall findings

15. For the previous portfolios (1988 to 1990), the target for evaluation compliance was set at 70 per cent. Having achieved that in 2000, it was decided to move the target for the 1991 portfolio to 75 per cent. The compliance rate of 72 per cent achieved in 2001, exceeded the achievement of 2000 (71 per cent) although it fell a little short of the increased 2001 target. This was partly due to re-prioritization of tasks made necessary as a result of the larger organizational changes that took place across UNDP. In addition, the target did not take into account the possibility of falling short of full attainment owing to conditions outside the control of some country offices such as changes in government, situations of conflict, etc.

16. The portfolio of projects approved in 1992 has attained a 60 per cent compliance rate, which increases to 67 per cent (likely compliance) if one takes into account scheduled evaluations and evaluation reports awaited. A compliance rate of 75 per cent can be attained only if projects constituting 38 unclear cases are evaluated.

17. The rates of compliance and likely compliance attained by the portfolio of projects approved in 1993 are 44 per cent and 65 per cent respectively, considerably below the current target of 75 per cent. The number of projects with unclear status is very high, comprising a record 127 cases.

18. The year 2000 represents the first year of reporting compliance records for evaluation plans. Although submission of evaluation plans is a policy requirement, only 68 per cent of country offices submitted their Evaluation Plans for 2000.

D. Follow-up to recommendations contained in the 2000 report

19. The Evaluation Office regularly monitors the submission of the PEIS. It sends quarterly reminders to the bureaux to follow up on the evaluation of projects and to seek clarifications. In order to increase the value of the PEIS as a knowledge and learning tool and to make it user-friendly and simple, the Evaluation Office has initiated steps to revamp it in line with the RBM system of UNDP.